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ABBREVIATIONS

Abbreviation	Description
ABT	Availability Based Tariff
A&G	Administration & General
APTEL	Appellate Tribunal for Electricity
ARR	Aggregate Revenue Requirement
CAGR	Compounded Annual Growth Rate
CD	Contract Demand
CERC	Central Electricity Regulatory Commission
CGS	Central Generating Stations
CoS	Cost of Supply
CPSU	Central Power Sector Undertakings
Cr	Cr
Crs	Cr
CT	Current Transformer
CWIP	Capital Work in Progress
DE	Debt Equity
DPN	Department of Power, Govt. of Nagaland
EHT	Extra High Tension
ER	Eastern Region
FAC	Fuel Adjustment Costs
FDR	Fixed Deposits Receipts
FPPCA	Fuel Power Purchase Cost Adjustment
FY	Financial Year
GCV	Gross Calorific Value
GFA	Gross Fixed Assets
HP	Horse Power
HT	High Tension
KV	Kilovolt
KVA	Kilo volt Amps
KW	Kilo Watt
kWh	kilo Watt hour
LNG	Liquefied Natural Gas
LT	Low Tension
MU	Million Units

Abbreviation	Description
MVA	Million-volt Amps
MW	Mega Watt
MYT	Multi Year Tariff
NER	North Eastern Region
NERC	Nagaland Electricity Regulatory Commission
NTP	National Tariff Policy
O&M	Operation & Maintenance
PLF	Plant Load Factor
PLR	Prime Lending Rate
R&M	Repairs and Maintenance
RIMS	Regulatory Information and Management System
RoR	Rate of Return
Rs.	Rupees
S/s	Sub Station
SBI	State Bank of India
SERC	State Electricity Regulatory Commission
T&D	Transmission & Distribution
UI	Unscheduled Interchange
YoY	Year on Year

Before the
Nagaland Electricity Regulatory Commission

Case No.: 01/2024-25.

In the matter of,

Determination of True up of FY 2022-23, Annual Performance Review for the FY 2023-24 and Aggregate Revenue Requirement (ARR) & Tariff for the FY 2024-25 filed by the Department of Power, Government of Nagaland, herein after referred to as “DPN or The Petitioner.”

Present: **Shri. Khose Sale**
 Chairman-cum-Member
 NERC, Kohima.

ORDER

1. The Department of Power, Government of Nagaland (herein after referred to as DPN) is a deemed licensee in terms of section 14 of the Electricity Act, 2003 (herein after referred to as Act), engaged in the business of Generation, Transmission and Distribution of electricity in the State of Nagaland.
2. As per the MYT Regulations, 2016, the DPN has filed the Petition for Truing Up of FY 2022-23, Annual Performance Review for the FY 2023-24 and determination of Retail Tariff for the FY 2024-25 on 21/12/2023.
3. In exercise of the powers vested under section 62(1) read with section 62(3) and section 64 3(a) of the Electricity Act, 2003 and Regulation 5.2 of NERC MYT Regulations, 2016 (Notified on 21.04.2016) (herein after referred to as Tariff Regulations) and other enabling provisions in this behalf, the Commission issues this order for approval of the Revised ARR and determination of retail Tariff for the FY 2024-25 along with True Up of FY 2022-23 and Annual Performance Review of FY 2023-24 for supply of electricity in the State of Nagaland under NERC (MYT) Regulations, 2016.

4. Tariff Regulations specify that the distribution licensee shall file ARR and Tariff Petition in all aspects along with requisite fee as specified in Commission's Conduct of Business Regulations on or before 30th November of the preceding year. Accordingly, the DPN has filed the true up of FY 2022-23 based on the audited annual accounts, Performance Review for the FY 2023-24 based on actual six (06) month expenditure and Revised ARR & Tariff Petition for the FY 2024-25.
5. Regulation 17 of the NERC MYT Regulations, 2016 provides for giving adequate opportunities to all stake holders and general public for making suggestions/objections on the Tariff Petition as mandated under section 64(3) of the Electricity Act 2003. Accordingly, the Commission directed DPN to publish the Tariff Petition for the FY 2024-25 in an abridged form as public notice in newspapers having wide circulation in the state inviting suggestions/objections on the Tariff Petition.
6. Accordingly, DPN has published the Tariff Petition in the abridged form as public notice in various newspapers on 22/02/2024 and the Tariff petition was also placed on the website of DPN.
7. The Commission, to ensure transparency in the process of Tariff determination and for providing proper opportunity to all stake holders and general public for making suggestions/objections on the tariff petition and for convenience of the consumers and general public across the state, decided to hold the public hearing at Kohima on 07/03/2024.
8. The Commission took into consideration the facts presented by the Petitioner in its Petition and subsequent filings, suggestions/objections received from stakeholders, consumer organizations & general public and response of the Petitioner to those suggestions/objections.
9. The Commission taking into consideration all the facts which came up during the public hearing on the matter of True up of FY 2022-23, Annual Performance Review for the FY 2023-24 and the revised ARR & the Tariff for the FY 2024-25.
10. The Commission has reviewed the directives issued earlier in the Order for the FY 2023-24 and noted that some of the directives are compiled and some are partially attended. The Commission has dropped the directives compiled with and the remaining directives are consolidated and fresh directives are added.

11. This order is in ten chapters as detailed below:
 - (a) Chapter 1: Introduction.
 - (b) Chapter 2: Summary of Revised ARR and Tariff petition for the FY 2024-25.
 - (c) Chapter 3: Power Sector in Nagaland - An overview.
 - (d) Chapter 4: Public hearing.
 - (e) Chapter 5: Truing up of FY 2022-23
 - (f) Chapter 6: Performance Review for the FY 2023-24
 - (g) Chapter 7: Analysis of ARR along with Tariff Petition for the FY 2024-25 and approval of the Commission.
 - (h) Chapter 8: Tariff principles and design.
 - (i) Chapter 9: Directives.
 - (j) Chapter 10: Wheeling Charges for the FY 2024-25.
 - (k) Chapter 11: Fuel and Power Purchase Cost Adjustment.
12. The DPN should ensure implementation of the Tariff Order from the effective date after issuance of a public notice in such a font size which is clearly visible in two daily newspapers having wide circulation in the state within a week, and compliance of the same shall be submitted to the Commission.
13. This Order shall be effective from 01st April, 2024 and shall remain in force till the next Tariff Order of the Commission.

Dated: 13th March, 2024.

Place: Kohima.

Sd/-
KHOSE SALE
Chairman-cum-Member,
NERC, Kohima.

1. Introduction

1.1 Nagaland Electricity Regulatory Commission

- (a) In exercise of the powers conferred by the Electricity Act, 2003, the State Government of Nagaland constituted an Electricity Regulatory Commission to be known as “Nagaland Electricity Regulatory Commission” for the State of Nagaland, as notified on 21st February, 2008.
- (b) The Commission is a one-member body designated to function as an autonomous authority responsible for regulation of the power sector in the State of Nagaland. The powers and the functions of the Commission are as prescribed in the Electricity Act, 2003. The head office of the Commission is presently located at Kohima, Nagaland.
- (c) The Nagaland Electricity Regulatory Commission for the State of Nagaland started to function with effect from 4th March, 2008 with the objectives and purposes for which the Commission has been established.
- (d) The Department of Power, Government of Nagaland herein called DPN or the Petitioner, a deemed licensee under section 14 of the Electricity Act, 2003, is carrying on the business of distribution and retail supply of electricity in the state of Nagaland.

1.1.1. In accordance with the provisions of the Act, the Nagaland Commission discharges the following functions:

- (a) Determine the tariff for generation, supply, transmission and wheeling of electricity, wholesale, bulk or retail, as the case may be, within the State: Provided that where open access has been permitted to a category of consumers under Section 42, the State Commission shall determine only the wheeling charges and surcharge thereon, if any, for the said category of consumers;
- (b) Regulate electricity purchase and procurement process of distribution licensees including the price at which electricity shall be procured from the generating companies or licensees or from other sources through agreements for purchase of power for distribution and supply within the State;

- (c) Facilitate intra-State transmission and wheeling of electricity;
- (d) Issue licenses to persons seeking to act as transmission licensees, distribution licensees and electricity traders with respect to their operations within the State;
- (e) Promote co-generation and generation of electricity from renewable sources of energy by providing suitable measures for connectivity with the grid and sale of electricity to any person, and also specify, for purchase of electricity from such sources, a percentage of the total consumption of electricity in the area of a distribution licensee;
- (f) Adjudicate upon the disputes between the licensees and generating companies; and to refer any dispute for arbitration;
- (g) Levy fee for the purposes of this Act;
- (h) Specify State Grid Code consistent with the Grid Code specified under Clause (h) of sub-section (1) of Section 79;
- (i) Specify or enforce standards with respect to quality, continuity and reliability of service by licensees;
- (j) Fix the trading margin in the intra-State trading of electricity, if considered, necessary;
- (k) Discharge such other functions as may be assigned to it under the Act.

1.1.2. Further, the Commission also advises the State Government on all or any of the following matters namely:

- a) Promotion of competition, efficiency and economy in activities of the electricity industry;
- b) Promotion of investment in electricity industry;
- c) Reorganization and restructuring of electricity industry in the State;
- d) Matters concerning generation, transmission, distribution and trading of electricity or any other matter referred to the State Commission by that Government.

1.1.3. The State Commission ensures transparency while exercising its powers and discharging its functions.

1.1.4. In discharge of its functions, the State Commission is guided by the National Tariff Policy (NTP) as brought out by GOI in compliance to Section 3 of the Act. The objectives of the NTP are to:

- (a) Ensure availability of electricity to consumers at reasonable and competitive rates;
- (b) Ensure financial viability of the sector and attract investments;
- (c) Promote transparency, consistency and predictability in regulatory approaches across jurisdictions and minimize perceptions of regulatory risks;
- (d) Promote competition, efficiency in operations and improvement in quality of supply.

1.2 ARR and Tariff Petition

- (a) DPN, being an integrated utility, is responsible for generation, transmission, and distribution of electricity in the State of Nagaland.
- (b) As per the NERC MYT Regulations, 2016 the licensee was required to submit the Revised ARR and Tariff Petition for the FY 2024-25 and file the petition in the month of November, 2023 for fixing the Tariff for the FY 2024-25. Accordingly, the Petitioner has filed the Tariff Petition for the FY 2024-25 including Truing up of FY 2022-23 based on audited annual accounts, Annual Performance Review for the FY 2023-24 based on actual 06 month expenditure and estimates for balance 06 months. In the petition, the DPN had projected with an ARR of Rs. 885.82 Cr. for the FY 2024-25 and projected a gap of Rs. 254.69 Cr. at proposed tariff for the FY 2024-25.

1.3 Admission of the Petition and Public Hearing Process

The Commission observed that the petition filed by the petitioner required several details & clarifications on various aspects of the petition as specified in Commission's Regulations on Terms and Conditions for Determination of Tariff.

DPN was asked to provide/explain the required information. Pending receipt of additional information/explanations, the ARR and Tariff Petition was admitted to avoid delay in processing of ARR.

The Commission directed the DPN to publish the summary of the ARR and Tariff proposal in the abridged form and manner as approved in accordance with section 64 of the Electricity Act, 2003 to ensure public participation.

The notification of the proposed ARR and the Tariff schedule for the FY 2024-25 was published by the Petitioner in the following newspapers.

Sl. No.	Name of the Newspaper	Language	Date of Publication
1	Nagaland Post	English	22-02-2024
2	Morung Express	English	22-02-2024
3.	Eastern Mirror	English	22-02-2024

The DPN/Commission nor Commission received any written Objections/ suggestions till the last date of submission.

1.4 Notice for Public Hearing

A notification was published by the Commission in the following leading newspapers for giving due intimation to all stakeholders, general public, interested parties, and consumers about the public hearing to be held in the Office of the Commission, Kohima on 07/03/2024.

Sl. No.	Name of the Newspaper	Language	Date of Publication
1	Nagaland Post	English	28-02-2024
2	Morung Express	English	28-02-2024
3	Eastern Mirror	English	28-02-2024

1.5 Public Hearing

Public hearing was held as scheduled at Conference Hall of the Commission. During the public hearing only the DPN Officials were present before the Commission. The details of the public hearing are given in **Chapter - 4**.

1.6 State Advisory Committee

The 18th State Advisory Committee met on 26/03/2024 at Hotel Japfu, Kohima and discussed the True up of FY 2022-23, APR for FY 2023-24 and ARR & Tariff proposal for FY 2024-25. The Minutes of the Advisory Committee meeting are given in *ANNEXURE - IV*.

2. Summary of ARR and Tariff Petition for the FY 2024-25

2.1 Aggregate Revenue Requirement (ARR)

The DPN in its petition has projected the Aggregate Revenue Requirement for the FY 2024-25 and Tariff proposal for the FY 2024-25 for meeting its expenses and the projected revenue during the financial year with the existing tariff. The projected ARR for the FY 2024-25 are shown in Table below.

Table 2-1: Aggregate Revenue Requirement projected by DPN (Rs. Cr.)

Sl. No.	Particulars	Approved in MYT order dated 20 th March 2020		Projected for FY 2024-25	
1	Cost of Power Purchase	469.76	-	474.13	-
2	Transmission Charges	52.14	-	112.11	-
3	Total Cost of Power Purchase (1+2)	-	521.90	-	586.24
4	Cost of Generation	-	21.42	-	16.13
5	Employee Expenses	159.18	-	191.37	-
6	Repair & Maintenance Expenses	41.94	-	19.38	-
7	Administration & General Expenses	4.58	-	3.81	-
8	Total O & M Expenses (5+6+7)	-	205.70	-	214.56
9	Interest and finance charges	-	-	-	-
10	Depreciation	-	156.00	-	84.99
11	Interest on working capital	-	13.23	-	-
12	Return on Equity	-	-	-	-
13	Total Revenue Requirement (3+4+8+9+10+11+12)	-	918.25	-	901.92
14	Less: Non-Tariff Income	-	16.10	-	16.10
15	Net Revenue Requirement (13-14)	-	902.15	-	885.82

2.2 Tariff

The DPN in its petition has submitted the proposed tariff for the FY 2024-25 as per the table below:

Table 2-2: Existing Tariffs v/s Proposed Tariffs for the FY 2024-25

Sl No.	CATEGORY	Existing Rate Rs./kwh	Proposed Rate Rs./ kwh	
1	2	3	4	
A	CATEGORY 'A' DOMESTIC			
	1	(a) 0 to 30 kwh	5.35	5.60
		(b) 31 to 100 kwh	5.80	6.10
		(c) 101 to 250 kwh	6.50	6.80
		(d) > 250 kwh	7.10	7.45
	2	CATEGORY 'B' INDUSTRIAL		
		(a) < 500 kwh	6.50	6.80
		(b) 501 to 5000 kwh	7.00	7.35
	3	(c) > 5000 kwh	7.50	7.85
		CATEGORY 'C' BULK		
	4	CATEGORY 'D' COMMERCIAL		
		(a) < 60 kwh	7.40	7.75
(b) 61 to 240 kwh		8.60	9.00	
5	(c) > 240 kwh	9.00	9.40	
	CATEGORY 'E' P.W.W.			
6	CATEGORY 'F' Public Light	To be recovered from consumers *	To be recovered from consumers *	
7	CATEGORY 'G' INTERSTATE	6.30	6.60	
8	CATEGORY 'H' AGRICULTURE	3.35	3.50	
9	CATEGORY 'I' TEMPORARY CONNECTION	DLF Rs.11.00 Others Rs.14.00	DLF Rs.11.50 Others Rs. 14.70	
10	Kutir Jyoti(point)	Same as DLF	Same as DLF	
11	SINGLE POINT METERED RURAL	5.30	5.60	
12	SINGLE POINT METERED URBAN	5.50	5.80	
*	Charges for public lighting have to be recovered from the Consumers of Domestic, Commercial, Industrial and Bulk categories at the rates shown below:			
	Domestic	Rs. 10 per connection / month	Rs. 10 per connection / month	
	Commercial	Rs. 15 per connection / month	Rs. 15 per connection / month	
	Industrial	Rs. 20 per connection / month	Rs. 20 per connection / month	

SI No.	CATEGORY	Existing Rate Rs./kwh	Proposed Rate Rs./ kwh
1	2	3	4
	Bulk Supply	Rs. 25 per connection / month	Rs. 25 per connection / month

2.3 Prayers of DPN

The DPN has prayed in its petition for the following:

Examine the proposal submitted by the Petitioner for a favourable dispensation as detailed in the enclosed proposal;

Consider the submissions and allow the truing up of FY 2022-23, revised estimate for FY 2023-24 and approve Aggregate Revenue Requirement and Retail Tariff for DPN for FY 2024-25;

Approve the revenue gap and appropriate tariff increase as detailed in the enclosed proposal;

Pass suitable orders for implementation of the tariff proposals for the FY 2024-25;

Approve the terms and conditions of Tariff Schedules and various other matters as and the proposed changes therein;

Condone any inadvertent delay/ omissions/ errors/ shortcomings and permit DPN to add/ change/ modify/ alter this filing and make further submissions as may be required at a future date petition;

Pass such orders as the Commission may deem fit and proper, keeping in view the facts and circumstances of the case;

3. Power Sector in Nagaland - Overview

3.1 Geographical Reality

The DPN is responsible for supply and distribution of electricity in the State of Nagaland which has a total area of 16,527 Sq.km. The total population of Nagaland State is around 19.81 lakhs as per 2011 census. The DPN serves 3,17,210 consumers of various categories with an annual energy consumption of about 433.57 MUs for the FY 2022-23.

3.2 Power Supply

3.2.1 Own Generation

DPN has its own hydel generation capacity of 28 MW at Likhimro Hydro Power Project and other MHEPs. Apart from this, the power supply requirements of the DPN are met from its share from Central Generating Stations (CGS) which is wheeled through the PGCIL network of NER and power purchases from electricity traders/other sources.

3.2.2 Power Purchase

The State is dependent on outside sources for meeting its energy requirement. The State has share from Central Sector Generating Stations and total firm share from the Central Sector Generating Stations of NEEPCO, NHPC, NTPC and OTPC including own Generation is 198.48 MW. The total allocation to Nagaland from the generating stations is depicted in the Table below:

Table 3.1: Power allocation from Central Generating Stations (CGS)

Sl. No.	Source	Capacity (In MWs)	Allocation	
			(In %)	(In MWs)
A	Central Generating Stations			
I	NTPC			
1	Farakka STPS	1600.00	0.43	6.88
2	Kahalgaon STPS	840.00	0.43	3.57
3	Talcher STPS	1000.00	0.42	4.25
4	Bongaigaon TPS	750.00	4.93	12.33
	NTPC-Total	4190.00		27.02
II	NHPC			
1	Loktak HEP	105.00	6.43	6.75
	NHPC-Total	105.00		6.75
III	NEEPCO			

Sl. No.	Source	Capacity (In MWs)	Allocation	
			(In %)	(In MWs)
1	Doyang HEP (Incl. Free)	75.00	17.81	13.35
2	AGBPP	291.00	5.81	16.89
3	AGTPP	135.00	5.74	4.82
4	Khandong HEP	50.00	6.65	3.33
5	Kopili HEP	200.00	6.15	12.29
6	Ranganadi HEP	405.00	5.34	21.61
7	Kopili - II HEP	25.00	5.74	1.43
8	PARE	110.00	5.40	5.94
9	KAMENG	600.00	1.50	9.00
	NEEPCO-Total	1891.00		88.66
IV	OTPC			
1	Palatana	726.60	7.16	52.04
	OTPC-Total	726.60		52.04
B	Own Generation	24.00	100.00	24.00
VI	Total	6936.60		198.48

3.3 Transmission and Distribution Network in the State

Nagaland being a hilly State with its population unevenly dispersed to the remote areas, the State of Nagaland is having large network of HT and LT lines as well as distribution transformers.

The details of transmission and distribution network, owned & operated by DPN as on 31.03.2023 are given in table below:

I. District wise length of lines

District	HT Line	
	33 kV	11 KV
Kohima	221	362.83
Dimapur	25.6	230.13
Chumukedima	119.5	617.95
Wokha	114.9	143.1
Phek	228.5	253
Mokokchung	160.9	424.2
Changtongya	132.7	173.6
Zunheboto	119.8	794.4
Tuensang	184.5	427.6
Mon	87.4	411.9
Peren	60.9	338.9
Kiphire	70.5	327
Total	1526.2	4504.6

II. Voltage wise sub-stations

Sl. No.	Voltage Level	No. of Sub-Station
1.	132/66 kV	3
2.	132/33 kV	4
3.	66/33 kV	19
4.	66/11 kV	3
5.	33/11 kV	92
6.	33/0.4 kV	193
7.	11/0.4 kV	3753
8.	Total:	4067

III. Power Transformers

Sl. No.	Description	Quantity (No.)	Capacity (In MVA)	Total Capacity (In MVA)
1	100 MVA, 132/66 kV	1	100	100
2	25 MVA, 132/66 kV	2	25	50
3	10 MVA, 132/66 kV	3	10	30
4	100 MVA, 132/33 kV	1	100	100
5	12.5 MVA, 132/33 kV	2	12.5	25
6	8 MVA, 132/33 kV	6	8	48
7	5 MVA, 132/33 kV	2	5	10
8	20 MVA, 66/33 kV	1	20	20
9	10 MVA, 66/33 kV	5	10	50
10	7.5 MVA, 66/33 kV	4	7.5	30
11	5 MVA, 66/33 kV	6	5	30
12	2.5 MVA, 66/33 kV	3	2.5	7.5
13	20 MVA, 66/11 kV	2	20	40
14	10 MVA, 66/11 kV	2	10	20
15	10 MVA, 33/11 kV	10	10	100
16	5 MVA, 33/11 kV	20	5	100
17	2.5 MVA, 33/11 kV	19	2.5	47.5
18	1.6 MVA, 33/11 kV	34	1.6	54.4
19	1.2 MVA, 33/11 kV	1	1.2	1.2

Sl. No.	Description	Quantity (No.)	Capacity (In MVA)	Total Capacity (In MVA)
20	1 MVA, 33/11 kV	2	1	2
21	0.5 MVA, 33/11 kV	19	0.5	9.5
22	Total	145		875.10

IV. Distribution Transformers

Sl. No.	Capacity (In KVA)		Quantity (No.)	Capacity (In MVA)	Total Capacity (In MVA)
1	1000	33/0.4 kV	1	1	1
2	800	33/0.4 kV	1	0.8	0.8
3	750	33/0.4 kV	1	0.75	0.75
4	500	33/0.4 kV	4	0.5	2
5	315	33/0.4 kV	1	0.315	0.315
6	250	33/0.4 kV	24	0.25	6
7	100	33/0.4 kV	24	0.1	2.4
8	63	33/0.4 kV	47	0.063	2.961
9	50	33/0.4 kV	2	0.05	0.1
10	25	33/0.4 kV	88	0.025	2.2
11	1200	11/0.4 kV	6	1.2	7.2
12	1000	11/0.4 kV	2	0	0
13	800	11/0.4 kV	1	0.8	0.8
14	750	11/0.4 kV	9	0.75	6.75
15	500	11/0.4 kV	189	0.5	94.5
16	400	11/0.4 kV	3	0	0
17	315	11/0.4 kV	3	0.315	0.945
18	250	11/0.4 kV	525	0.25	131.25
19	200	11/0.4 kV	1	0.2	0.2
20	160	11/0.4 kV	2	0.16	0.32
21	125	11/0.4 kV	2	0.125	0.25
22	100	11/0.4 kV	551	0.1	55.1

Sl. No.	Capacity (In KVA)		Quantity (No.)	Capacity (In MVA)	Total Capacity (In MVA)
23	63	11/0.4 kV	799	0.063	50.337
24	50	11/0.4 kV	23	0.05	1.15
25	25	11/0.4 kV	2297	0.025	57.425
26	16	11/0.4 kV	79	0.016	1.264
27	10	11/0.4 kV	0	0	0
28	Total		4685		426.017

3.4 Transmission and Distribution (T&D) Losses

The DPN projected distribution loss at 37% and Intra-State transmission loss at 8% for the FY 2024-25 whereas the actual distribution loss during FY 2022-23 was 42.75% and transmission loss was 8%. The technical and commercial losses are not segregated.

3.5 Consumer Profile and Energy sales

The consumers profile and corresponding energy sales projected by DPN for the FY 2024-25, are given in the table below:

Table 3.2: Consumer Profile and Energy Sales for FY 2024-25

Sl. No.	Category	Projected Energy Sales (In MUs)	Consumer (In No.)
1	Domestic including BPL	269.36	1,83,229
2	Industrial	11.63	4,690
3	Bulk Supply	80.10	2,331
4	Commercial	50.07	20,385
5	Public water works & sewage	0.37	38
6	Public Lighting	1.13	621
7	Agriculture	0.04	8
8	Single Point Metered Rural	62.64	1,22,191
9	Single Point Metered Urban	14.52	12,905
10	Outside state	106.43	-
11	Total	596.30	3,46,399

3.6 Demand

The total connected load for the FY 2024-25 was projected 223.358 MW. The allocation (firm and infirm) from various central generating stations is 174.48 MW apart from own generation capacity of 24 MW.

The energy drawl projected by DPN during the FY 2024-25 as 941.71 MUs apart from own generation of 84.40 MUs.

3.7 Energy Audit

The DPN is required to conduct periodical & regular Energy Audit effectively, as a matter of fact, energy audit should be conducted Voltage wise and computed with standard norms. Any high loss areas should be identified and analysed and effective measures to be taken to bring down the losses to the permissible limits. To achieve this all the line feeders, transformers and consumers should be provided with standard meters. The Department is required to conduct the Energy Audit Report every year.

3.8 Energy Metering

DPN has not completed 100% consumers metering. Most of the meters are static type. Some are not tested for many years. Metering of 33 KV, 11 KV feeders and DTs are not completed.

4. Public Hearing

4.1 Public Response to the Petition

On admitting the ARR and Tariff Petition for the FY 2024-25 including True up of FY 2022-23 and Annual Performance Review for the FY 2023-24, the Commission directed the DPN to make copies of the petition available to the general public, post the petition on their website and also publish the same in newspapers in abridged form and invite comments/objections from them.

No written Objections/suggestions were received from public during the time period fixed by the Commission.

4.2 Public Hearing

In order to ensure transparency in the process of determination of tariff as envisaged in the Electricity Act, 2003, public hearing was held at Kohima on 07/03/2024 as scheduled.

4.3 Proceedings of Public Hearing

After admitting the ARR & Tariff Petition for the FY 2024-25 including True up of FY 2022-23 and Annual Performance Review for the FY 2023-24, the Commission directed the Department of Power, Government of Nagaland (DPN) to publish the Petition in newspapers in an abridged form duly inviting Comments/Objections from public/stakeholders.

In order to ensure transparency in the process of determination of tariff as envisaged in the Electricity Act, 2003, the DPN arranged publication of petition in abridged form in 3 leading Newspapers on 22/02/2024, calling for objections/suggestions/comments, if any. The DPN/Commission did not receive any objections/comments from the public till the last date.

The Commission arranged issuing of Public Notice by publishing in 3 leading Newspapers on 28/02/2024 calling for public hearing to be conducted on 07-03-2024 in the Conference Hall of the Commission. Accordingly, the Public Hearing was conducted as scheduled.

Though the notice was duly published by the Commission calling the consumers to come forward and express their objection/suggestion, if any, to the tariff petition filed by the DPN, on the day of public hearing there was no representation from the Public.

4.4 Minutes of the Hearing

After admitting the True-up for FY 2022-23, APR for FY 2023-24 and ARR & Tariff Petition for FY 2024-25, the Commission directed the Department of Power, Nagaland (DPN) to publish the Petition in newspapers in an abridged form duly inviting Comments/ Objections from public/ stake holders.

In order to ensure transparency in the process of Tariff Determination as envisaged in the Electricity Act 2003, the DPN arranged publication of petition in an abridged form in 3 leading Local Newspapers on 22.02.2024 calling for objections/Suggestions/comments, if any. Neither the DPN nor the Commission receives any objection/comments from the public.

Thereafter, the Commission issued Public Notice by publishing in 3 leading Local Newspapers on 28.02.2024 calling for public hearing to be held on 07th March, 2024 in the Conference Hall of the NERC Office. Accordingly, the Public Hearing was conducted as scheduled.

Proceeding of the Hearing:

Though the Notice was duly published by the Commission, inviting the Consumer to come forward and express their Objections/Suggestions on the proposed Tariff, if any, no consumer came forward on the day of Hearing except the Authorized Officials from the Department of Power, Nagaland.

The SE (Revenue) presented a PPT on behalf of the Petitioner highlighting in brief on both the Commercial & Technical Requirement of the Department as proposed in the Tariff Petition.

The Commission after hearing the representatives of the Petitioner, suggested the Department to initiate the following in order to make the Tariff a Cost effective.

1. To reduce the Numbers of Slab in the Tariff Structure from the next Financial Year.

2. To initiate steps to reduce the high AT&C Losses.
3. To introduce category-wise slabs under Bulk Category such as Domestic, Commercial & Industrial from the Next Financial Year.
4. In order to encourage the honest paying consumers in the State, the Commission further suggested the Petitioner not to revise the Tariff every year in respect of Pre-paid Category.
5. To initiate steps to ascertain the total energy consumption and total revenue generation through the introduction of the Pre-paid Metering System.

The name of the officers from the DPN and other representatives who attended the Public Hearing is listed herein below:

1. Er. Khose Sale, Chairman, NERC, Kohima.
2. Er. Tiameren Walling, Chief Engineer (D&R), DoPN.
3. Er. Nitovi A Wotsa, SE (Transmission), DoPN.
4. Er. Lobosang Jamir, SE (Revenue), DoPN.
5. Er. A. Ritachu Thun, EE (Revenue), DoPN.
6. Er. Mhonlumo Kikon, EE (D&R), DoPN.
7. Er. Neiteu Mero, SDO (Revenue), DoPN.
8. Er. Washisongla Jamir, JE (Revenue), DoPN.
9. Mr. B. Yomkesh Mallick, Consultant (RSA & Co.), DoPN.
10. Er. Hekavi N Ayemi, Deputy Director, NERC.
11. Mr. Limawapang Lkr, Legal Consultant, NERC.

The case was disposed accordingly .

Sd/-
Er. HEKAVI N AYEMI
Deputy Director,
NERC, Kohima.

5. True up of FY 2022-23

5.1 Preamble

Nagaland Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2016 provides that the licensees shall file petition for Truing-Up of the actual expenses for previous years. The relevant regulations are provided below:

Regulation 5.3 of the NERC MYT Regulations, 2016 provides as below:

*“The Generating Company, Transmission Licensee, and **Distribution Licensee** for the Distribution Wires Business and Retail Supply Business, shall **file separate audited accounting statements with the application for determination of tariff and truing up under Regulation 10**”*

Regulation 10 of the NERC MYT Regulations, 2016 further provides as below:

*“10.1. Where the **Aggregate Revenue Requirement** and expected revenue from tariff and charges of a Generating Company or Transmission Licensee or Distribution Licensee is covered under a Multi-Year Tariff framework, then such Generating Company or Transmission Licensee or Distribution Licensee, as the case may be, **shall be subject to truing up of expenses and revenue** during the Control Period in accordance with these Regulations.*

*10.2. The Generating Company or Transmission Licensee or **Distribution Licensee shall file an Application for Truing up of the previous year** and determination of tariff for the ensuing year, within the time limit specified in these Regulations: Provided that the Generating Company or Transmission Licensee or Distribution Licensee, as the case may be, shall submit to the Commission information in such form as may be prescribed by the Commission, **together with the Audited Accounts, extracts of books of account and such other details as the Commission may require to assess the reasons for and extent of any variation in financial performance from the approved forecast of Aggregate Revenue Requirement and expected revenue from tariff and charges:***

10.3. The scope of the truing up shall be a comparison of the performance of the Generating Company or Transmission Licensee or Distribution Licensee with the approved forecast of Aggregate Revenue Requirement and expected revenue from tariff and charges and shall comprise of the following:

- (i) a comparison of the audited performance of the applicant for the previous financial year with the approved forecast for such previous financial year, subject to the prudence check including pass-through of impact of uncontrollable factors;*
- (ii) Review of compliance with directives issued by the Commission from time to time;*
- (iii) Other relevant details, if any.....”*

In line with the above provisions the DPN has submitted its true up of FY 2022-23 duly furnishing the actuals for the year as per audited accounts.

The Commission had approved the ARR and Tariff for the FY 2022-23 vide its Order dated 2nd June 2022, based on the projected data submitted by the DPN. Now, the Commission has considered the actual audited data for the year for approving the True up for the year. This is discussed in the succeeding paragraphs.

5.2 Energy Demand (Sales)

The energy sales approved by the Commission, vide its Tariff Order for the FY 2022-23, the actual sales given by DPN, as per accounts with the True-up Petition for the year and now approved by the Commission, are summarised in the table below.

Table 5.1: Energy Sales approved by Commission (in MUs)

Sl. No.	Categories	Approved in T.O. dated 2nd June 2022	2022-23 (Actual)	Now approved by the Commission
1	Domestic	418.09	232.32	232.32
2	Industrial	48.37	10.83	10.83
3	Bulk Supply	107.92	73.70	73.70
4	Commercial	108.15	45.42	45.42
5	Public water works & sewage	13.91	0.33	0.33
6	Public Lighting	16.95	-	-
7	Agriculture	0.02	0.04	0.04
8	Single Point Metered Rural	-	57.35	57.35
9	Single Point Metered Urban	-	13.58	13.58
10	Total (Within the State)	713.42	433.57	433.57
11	Outside state sale	-	141.28	141.28
12	Total Sale	713.42	574.85	574.85

The Commission now approves energy sales as above for the FY 2022-23 as per the actuals furnished by DPN.

5.3 Transmission and Distribution Losses (T&D Losses)

The Commission in its order for the FY 2022-23, had fixed the target of T&D Losses at 23.25% for the year. The DPN in its True-up Petition, has stated that

the actual T&D Losses during the year is 50.75%.

Commission's Analysis:

The Commission has considered the total energy procured & input energy at the state periphery as per the power procurement statement/bills for the year & actual sales within the state for arriving at the losses. Further, the inter-state transmission loss (pool loss) for the FY 2022-23 has been considered at 8%. The T&D Loss approved for the year is as shown in table below. The detailed calculation is provided in the subsequent Paras.

Table 5.2: T&D Losses approved by Commission

Sl. No.	Particulars	Approved in T.O. dated 2nd June 2022	Claimed for FY 2022-23 (Actual)	Now approved by the Commission
1	Transmission Loss	3.00%	8.00%	8.00%
2	Distribution Loss	20.25%	42.75%	42.75%
3	T&D Losses	23.25%	50.75%	50.75%

The Commission accordingly approves T&D Losses as above for the FY 2022-23.

5.4 Energy Availability

5.4.1. Own Generation

The Own Generation approved by the Commission vide its Tariff Order for the FY 2022-23, the actual generation given by DPN with the True-up Petition for the year and now approved by the Commission, are summarised in the table below.

Table 5.3: Power Generation approved by Commission

Sl. No.	Particulars	Approved in T.O. dated 2nd June 2022	Claimed for FY 2022-23 (Actual)	Now approved by the Commission
1	Total Generation	83.63	106.64	106.64
2	Total	83.63	106.64	106.64

The Commission now approves Own Generation of DPN during the year as per actuals furnished by DPN.

5.4.2. Power Purchase

The Commission in its Tariff Order for the FY 2022-23 had approved the power purchase from various CGSs & free power quantity. Now, the DPN has furnished actuals for the year in the True-up Petition as detailed in table below.

Table 5.4: Power Purchase approved by Commission (in MUs)

Sl. No.	Particulars	Approved in T.O. dated 2nd June 2022	2022-23 (Actual)	Now approved by the Commission
1	Energy Purchased from Eastern Region	92.49	91.83	91.83
2	Energy Purchased from North Eastern Region	733.81	844.95	844.95
3	Total	826.30	936.78	936.78

The Commission approves power purchase including free power for the FY 2022-23 as in the above Table.

5.5 Energy Balance

The details of energy requirement and availability approved by the Commission in its Tariff Order for the FY 2022-23 and the actuals furnished by the DPN, and now approved by the Commission, are presented in table below:

Table 5.5: Energy Balance approved by Commission

Sl. No.	Particulars	Unit	Approved in T.O. dated 2nd June 2022	2022-23 (Actual)	Now approved by the Commission
A	Energy Requirement				
1	Energy sales within State	MU	713.42	433.57	433.57
2	Distribution Loss %	%	20.25	42.75	42.75
3	Distribution Loss	MU	181.15	323.72	323.72
4	Energy Requirement	MU	894.57	757.29	757.29
B	Energy Availability				
5	Own Generation	MU	83.63	106.64	106.64
6	Power from ER	MU	92.49	91.83	91.83
7	ER Total Losses %	%	2.26	2.26	2.26
8	Regional Losses	MU	2.09	2.08	2.08
9	Net energy from Eastern Region (6-8)	MU	90.40	89.75	89.75

Sl. No.	Particulars	Unit	Approved in T.O. dated 2nd June 2022	2022-23 (Actual)	Now approved by the Commission
10	Power from NER	MU	733.81	844.95	844.95
11	Total Power Purchase (9+10)	MU	824.20	934.70	934.70
12	NER Tr. Loss %	%	2.66	7.16	7.16
13	NER Tr. Loss	MU	21.92	66.92	66.92
14	Net power available (11-13)	MU	802.28	867.79	867.79
15	UI/Deviation	MU	30.44	10.94	10.94
16	Interstate Sale/ Energy Traded	MU	0.00	141.28	141.28
17	Banking (Net)	MU	5.89	-20.94	-20.94
18	Total power available at state Periphery (5+14+15-16+17)	MU	922.24	823.15	823.15
19	Intra state Tr. Loss%	%	3.00	8.00	8.00
20	Intra state Tr. Loss	MU	27.67	65.85	65.85
21	Net power available for sale in Distribution (17-19)	MU	894.57	757.29	757.29
22	Surplus (21-4)	MU	0.00	0.00	0.00

5.6 Fuel Cost

The details of fuel cost approved by the Commission in its Tariff Order for the FY 2022-23 and the actuals furnished by the DPN, and now approved by the Commission, are presented in table below:

Table 5.6: Fuel Cost approved by Commission (Rs. Cr.)

Sl. No.	Particulars	Approved in T.O. dated 2nd June 2022	2022-23 (Actual)	Now approved by the Commission
1	Fuel Cost	15.00	19.68	19.68

The Commission approves the fuel cost for the FY 2022-23, as per actuals furnished by DPN.

5.7 Power Purchase Cost

The details of power purchase cost approved by the Commission in its Tariff Order for the FY 2022-23 and the actuals furnished by the DPN, and now approved by the Commission, are presented in table below:

Table 5.7: Power Purchase Cost approved by Commission

Sl. No.	Source	Approved in T.O. dated 2nd June 2022	2022-23 (Actual)	Now approved by the Commission
1	Power Purchase Cost	452.96	584.91	584.91
	Total	452.96	584.91	584.91

The Commission now approves the power purchase cost for the FY 2022-23, as per actuals furnished by DPN.

5.8 Operation and Maintenance Expenses

Operation & Maintenance expenses comprise of the following heads of expenditure viz.

- Employee Expenses
- Administration & General Expenses
- Repair & Maintenance Expenses

Details of Employee Expenses, Administration & General Expenses and Repair & Maintenance Expenses are discussed in the subsequent paras.

5.8.1. Employee Cost

The Commission vide its Order for the FY 2022-23, had approved employee cost. The DPN has furnished actuals for the FY 2022-23 as per the audited accounts. The actual cost & the cost now approved by the Commission are given in the table below.

Table 5.8: Employee Cost approved by Commission (Rs. Cr.)

Particulars	Approved in T.O. dated 2nd June 2022	2022-23 (Actual)	Now approved by the Commission
Employee Expenses	142.72	164.40	164.40

The Commission approves the employee cost for the FY 2022-23 as per actuals furnished by DPN.

5.8.2. Administrative and General Expenses

The Commission vide its Order for the FY 2022-23 had approved A&G expenses for the year. The DPN has furnished actuals for FY 2022-23 as per audited accounts. The actual cost & the cost now approved by the Commission are given in the table below.

Table 5.9: A&G Expenses approved by Commission (Rs. Cr.)

Particulars	Approved in T.O. dated 2nd June 2022	2022-23 (Actual)	Now approved by the Commission
A & G Expenses	3.65	3.27	3.27

The Commission now approves the A&G Expenses for the FY 2022-23, as per actuals furnished by DPN.

5.8.3. Repair and Maintenance Expenses

The Commission vide its Order for the FY 2022-23 had approved Repair & Maintenance expenses for the year. The DPN has furnished actuals for FY 2022-23 as per audited accounts. The actual cost & the cost now approved by the Commission are given in the table below.

Table 5.10: R&M Expenses approved by Commission (Rs. Cr.)

Particulars	Approved in T.O. dated 2nd June 2022	2022-23 (Actual)	Now approved by the Commission
R & M Expenses	31.38	16.64	16.64

The Commission now approves the Repair & Maintenance Expenses for the FY 2022-23, as per actuals furnished by DPN.

5.8.4. Summary of O&M Expenditure approved by the Commission

The summary O&M Expenditure approved by the Commission is tabulated below:

Table 5.11: O&M Expenses approved by Commission (Rs. Cr.)

Particulars	Approved in T.O. dated 2nd June 2022	2022-23 (Actual)	Now approved by the Commission
Employee Expenses	142.72	164.40	164.40
R & M Expenses	31.38	16.64	16.64
A & G Expenses	3.65	3.27	3.27
Total O&M Expenses	177.75	184.32	184.32

5.9 Capital Expenditure & Capitalisation

The capital expenditure plan envisaged will also assist in reducing system losses. Capital investment and capitalisation during the FY 2022-23 as per audited accounts furnished by the DPN are shown in table below:

Table 5.12: Capital Works in Progress (CWIP) (Rs. Cr.)

Sl. No.	Particulars	Actuals
1	Opening balance of CWIP	40.12
2	Capital Investment during the year	39.82
3	Total (1+2)	79.94
4	Capitalisation during the year	39.82
5	Closing balance of CWIP (3-4)	40.12

The Commission approves the capital investment & capitalization for the FY 2022-23 as detailed in the above Table.

5.10 Gross Fixed Assets (GFA) and Depreciation

The DPN in its True-up Petition for the FY 2022-23, has furnished the GFA for the year as detailed in table below:

Table 5.13: Gross Fixed Assets (Rs. Cr.)

Sl. No.	Particulars	Actuals
1	GFA Additions during the year	39.82

Commissions Analysis:

The Commission vide Tariff Order for the FY 2022-23 had approved

Depreciation for the year. The DPN has furnished actual opening GFA, addition during the year and closing GFA. The DPN has also furnished depreciation for the year as per the audited annual accounts. The details are provided in the Table below.

Table 5.14: Depreciation approved by Commission (Rs. Cr.)

Particulars	Approved in T.O. dated 2nd June 2022	2022-23 (Actual)	Approved by the Commission
Depreciation for the year	0.00	77.37	77.37

The Commission now approves the Depreciation for the FY 2022-23, as per actuals furnished by DPN.

5.11 Interest and Finance Charges

DPN has submitted that the entire capital employed has been funded through infusion of funds by Government of Nagaland through budgetary support without any external borrowings on part of the DPN. As such, the DPN has not claimed interest on loan for the year.

Accordingly, no Interest on Loan has been approved for the year.

5.12 Interest on Working Capital

DPN has submitted that the entire operating expenses of the Department is provided by the Government of Nagaland without any external borrowings toward working capital. Hence, DPN does not have any working capital loan. As such, the DPN has not claimed interest on Working Capital for the year.

Accordingly, no Interest on interest on Working Capital has been approved for the year.

5.13 Bad Debts

DPN has submitted that it has not written off any bad debt during the year, hence it has not claimed bad debt for the FY 2022-23.

Accordingly, no bad debt has been approved for the year.

5.14 Return on Equity

DPN submitted that that the entire capital employed has been funded through infusion of funds by Government of Nagaland through budgetary

support. There is no paid up equity capital nor DPN is paying any return on equity to the Government of Nagaland. In view of the above, the DPN has not claimed Return on Equity for the year.

Accordingly, no Return on Equity has been approved for the year.

5.15 Non-Tariff Income

The Commission vide its Tariff Order had approved Non-Tariff Income for the FY 2022-23. In the True-up Petition for the year, DPN has furnished actuals Non-Tariff Income. The details are provided in the Table below.

Table 5.15: Non-Tariff Income approved by Commission (Rs. Cr.)

Particulars	Approved in T.O. dated 2nd June 2022	2022-23 (Actual)	Approved by the Commission
Non-Tariff Income	14.60	2.92	2.92

The Commission approves the Non-Tariff Income for the FY 2022-23, as per actuals furnished by DPN.

5.16 Revenue from Existing Tariff

Revenue from approved tariff approved by the Commission for the FY 2022-23 in the Tariff Order for the year and actuals furnished by the DPN and now approved by the Commission are furnished in the table below.

Table 5.16: Revenue from Sales approved by Commission (Rs. Cr.)

Particulars	Approved in T.O. dated 2nd June 2022	2022-23 (Actual)	Approved by the Commission
Revenue from sale of Power	432.62	335.94	335.94

The Commission approves the revenue from the tariff including revenue from outside sales for the FY 2022-23, as per the actuals furnished by DPN.

5.17 Aggregate Revenue Requirement (ARR)

The ARR for the FY 2022-23 approved by the Commission in its Tariff Order for the year, actuals furnished by the DPN and now approved by the Commission are furnished in the table below.

Table 5.17: approved Aggregate Revenue Requirement (Rs. Cr.)

Sl. No.	Particulars	Approved in T.O. dated 2nd June 2022	2022-23 (Actual)	Now approved by the Commission
1	Cost of Generation	15.00	19.68	19.68
2	Power Purchase cost	452.96	584.91	584.91
3	O&M Expenses:			
a	Employee cost	142.72	164.40	164.40
b	Repairs & Maintenance expenses	31.38	16.64	16.64
c	Administration and General Expenses	3.65	3.27	3.27
4	Depreciation	0.00	77.37	77.37
5	Interest & Finance charges including interest on Consumers Security Deposit	0	0.00	0.00
6	Interest on working capital	0	0.00	0.00
7	Provision for bad debts	0	0.00	0.00
8	Return on equity	-	0.00	0.00
9	Total Revenue Requirement (1 to 8)	645.71	866.27	866.27
10	Less Non-tariff income	14.60	2.92	2.92
11	Aggregate Requirement (9 - 10)	631.11	863.36	863.36
12	Revenue from retail sales	432.62	335.94	335.94
13	Revenue Subsidy from Govt.		542.00	542.00
14	Revenue Surplus/(Gap) for the Year (12-13-11)	(198.49)	14.59	14.59

The DPN submitted that it has received Rs. 542 Cr. as revenue subsidy from the Government of Nagaland and based on same it has claimed Revenue Surplus of Rs. 14.59 Cr. for the FY 2022-23.

The Commission has gone through all the submissions made by the DPN as detailed in above paras and accordingly the Commission approves the Revenue Surplus of Rs. 14.59 Cr. for the FY 2022-23.

6. Annual Performance Review of FY 2023-24

6.1 Preamble

The Commission had approved the ARR and Tariffs for the FY 2023-24 in its order dated 27th March 2023 based on the projected data furnished by the DPN. Now, the DPN has submitted its proposals for review of the FY 2023-24 duly furnishing data based on the actual expenses of 06 months and estimates for balance 06 months.

6.2 Energy demand (Sales)

Vide its Tariff Order dated 27th March 2023, the Commission had approved energy sales of 711.58 MUs for the FY 2023-24. The DPN in its Review Petition for the FY 2023-24 has submitted the estimated sales considering actual for a certain period and estimate for the balance period.

Accordingly, comparative statements of category-wise energy sales approved by the Commission for the FY 2023-24, estimate by DPN and approved by the Commission are shown in table below.

Table 6.1: Energy Sales approved by Commission for FY 2023-24 (in MUs)

S. No.	Categories	Approved in T.O. dated 27th March 2023	Estimated for FY 2023-24	Now approved by the Commission
1	Domestic including BPL	424.56	250.16	243.43
2	Industrial	46.71	11.22	11.07
3	Bulk Supply	115.75	76.83	74.86
4	Commercial	123.27	47.69	47.69
5	Public water works & sewage	0.04	0.35	0.35
6	Public Lighting	1.22	1.13	1.13
7	Agriculture	0.02	0.04	0.04
8	Single Point Metered Rural		59.94	59.94
9	Single Point Metered Urban		14.04	14.04
10	Total Sale (Within the State)	711.57	461.41	452.56
11	Outside State Sale	-	155.54	203.54
12	Grand Total	711.58	616.94	656.09

The Commission now approves energy sales for the FY 2023-24 as detailed above.

6.3 Transmission and Distribution Losses (T&D Losses)

The Commission in its order dated 27th March 2023, had fixed the target of T&D Losses at 23% for the FY 2023-24. The DPN now claimed T&D losses at 45% (Distribution Loss at 37% and Intra-State Transmission Loss at 8%) for the FY 2023-24.

The Commission had directed the Petitioner in pervious Tariff Orders to replace faulty meters, identify high losses area and identify technical and commercial losses separately by conducting feeder wise and transformer wise Energy Audit. Inspite of conducting energy audit, the DPN does the calculation of loss by taking the energy input at 132 kV and energy sales at consumer end and the difference is shown as distribution loss. However, the Petitioner has failed to comply the directions issued by the Commission.

The Commission observed that high losses affected the state with the unexpected increase in demand and expenses towards power purchase.

Further, it is observed that the REC vide its letter no REC/RDSS/Nagaland/DoPN/2022-23/390 dated 16.01.2023 has communicated the approval of the action plan and DPR of Department of Power, Nagaland under Revamped Distribution Sector Scheme (RDSS) and set the trajectories for A&TC losses at 34% for the FY 2023-24. Keeping in view the pre-qualifying criteria set in the RDSS approval, the Commission at this stage approves the A&TC losses at 34% and transmission losses at 8% for the FY 2023-24.

Further, the Commission retains its directions to replace faulty meters, identify high losses area and identify technical and commercial losses separately by conducting feeder wise and transformer wise Energy Audit.

The detailed discussion & calculation is provided in the Para no. 6.5.

Table 6.2: T&D Losses approved by Commission for FY 2023-24

Sl. No.	Particulars	Approved in T.O. dated 27th March 2023	Estimated for FY 2023-24	Now approved by the Commission
1	T&D Losses (In %)	23%	45%	42%

Therefore, the Commission approves T&D Loss at 34% and Intra State

Transmission Loss at 8% for the FY 2023-24.**6.4 Energy Availability****6.4.1 Own Generation**

The Commission in its Tariff Order dated 27th March 2023 had approved Own Generation for DPN at 108.30 MUs for the FY 2023-24. The DPN now proposed a revision in Own Generation to 84.40 MUs for the FY 2023-24 based on actual generation of past months. Therefore, the Commission now approves the same towards own Generation as detailed in the table below.

Table 6.3: Power Generation approved by Commission for the FY 2023-24 (MUs)

Sl. No.	Particulars	Approved in Tariff Order dated 27 th March 2023	Review Estimate	Now approved by the Commission
1	Own Generation	108.30	84.40	84.40

The Commission now approves Own Generation of DPN during the FY 2023-24 at 84.40 MUs, as per details furnished by DPN.

6.4.2 Power Purchase

The Commission in its Tariff Order dated 27th March 2023 had approved the power purchase quantity of 968.07 MUs including free power quantity of 15.17 MUs. Now, the DPN has revised its estimates for the FY 2023-24 at 941.71 MUs including free power of 16.56 MUs, as detailed in table below.

Table 6.4: Power Purchase approved by Commission for the FY 2023-24 (MUs)

Particulars	Approved in T.O. dated 27 th March 2023	Estimated for FY 2023-24	Approved for FY 2023-24
Central Sectors			
Farakka STPS	45.54	41.47	41.47
Kahalgaon STPS	21.65	21.57	21.57
Talcher STPS	26.96	30.11	30.11
BGTPP	210.34	190.53	190.53
Loktak HEP	35.19	16.72	16.72
DOYANG HEP	10.62	9.73	9.73
AGBPP	86.81	70.94	70.94
AGTPP	44.60	34.50	34.50

Particulars	Approved in T.O. dated 27th March 2023	Estimated for FY 2023-24	Approved for FY 2023-24
KHANDONG HEP	-	0.00	-
KOPI LI HEP	0.00	27.96	27.96
RANGANADI HEP	60.96	63.50	63.50
KOPI LI - II HEP	-	9.93	9.93
PARE HEP	26.38	24.95	24.95
KAMENG	43.98	40.39	40.39
Palatana	339.87	334.36	334.36
Others			
DEVIATION/SHORTTERM/BANKING	-	8.50	-
Free Power	15.17	16.56	16.56
Banking	-		
Total	968.07	941.71	933.22
REC Purchase			
Other Charges			
Total power purchase	968.07	941.71	933.22
PGCIL- Transmission Charges			
NERLDC/NERPC Charges			
Grand Total	968.07	941.71	933.22

The Commission approves power purchase of 933.22 MUs for the FY 2023-24 including free power of 16.56 MUs.

6.5 Energy Balance

The details of energy requirement and availability approved by the Commission in its Tariff Order dated 27th March 2023 for the FY 2023-24 and estimated by the DPN, and now approved by the Commission, are presented in table below:

Table 6.5: Energy Balance approved by Commission for the FY 2023-24

Energy Available	Approved in T.O. dated 27th March 2023	Estimated for FY 2023-24	Now approved by the Commission
Energy Sales with the State	711.58	461.41	452.56
Distribution Loss %	20.00	37.00	34.00
Distribution Loss (MUs)	177.90	270.98	233.14
Total Energy Requirement	889.48	732.39	685.69
Energy Availability			

Energy Available	Approved in T.O. dated 27th March 2023	Estimated for FY 2023-24	Now approved by the Commission
Own Generation	108.30	84.40	84.40
Power from ER	94.15	93.15	93.15
ER Total Loss (%)	2.26%	2.26%	2.26%
Regional Loss (MUs)	2.13	2.11	2.11
Net Energy from ER (MU's)	92.02	91.05	91.05
Power from NER	873.92	840.06	840.06
Total Power purchased	965.94	931.11	931.11
NER Tr. Loss %	2.66%	7.16%	7.16%
NER Tr. Loss	25.69	66.66	66.66
Net Energy Available	940.25	864.45	864.45
Add: Over Drawn/Short term	0.00	5.74	0.00
Add: Banking (Import)	0.00	2.76	0.00
Less: Outside state sale	131.56	155.54	203.54
Less: Banking (Export)	0.00	5.74	0.00
Total Energy Available at state periphery	916.99	796.08	745.32
Intra State Tr. Loss (%)	3.00	8.00	8.00
Intra State Tr. Loss (Mus)	27.51	63.69	59.63
Net Energy available for Sale	889.48	732.39	685.69
Demand Supply (Gap)/ Surplus	0.00	0.00	0.00

6.6 Fuel Cost

The details of fuel cost approved by the Commission in its Tariff Order dated 27th March 2023 for the FY 2023-24 and estimated by the DPN, and now approved by the Commission, are presented in table below:

Table 6.6: Fuel Cost approved by Commission for the FY 2023-24

Particulars	Approved in T.O. dated 27th March 2023	Estimated for FY 2023-24	Now approved by the Commission
Cost of Generation	20.06	15.64	15.64

The Commission now approves the fuel cost of Rs. 15.64 Cr. for the FY 2023-24, as per revised estimate by DPN.

6.7 Power Purchase Cost

The details of power purchase cost approved by the Commission in its Tariff Order dated 27th March 2023 for the FY 2023-24, estimated by the DPN, and now approved by the Commission, are presented in table below:

Table 6.7: Approved Power Purchase Cost for the FY 2023-24 (Rs. Cr.)

Particulars	Approved in T.O. dated 27th March 2023	Estimated for FY 2023-24	Approved for FY 2023-24
Central Sectors			
Farakka STPS	29.98	167.88	167.88
Kahalgaon STPS	12.41		
Talcher STPS	9.40		
BGTPP	146.65		
Loktak HEP	13.38	8.30	8.30
DOYANG HEP	7.68	144.35	144.35
AGBPP	63.81		
AGTPP	31.10		
KHANDONG HEP	-		
KOPILI HEP	0.00		
RANGANADI HEP	15.87		
KOPILI - II HEP	-		
PARE HEP	13.85		
KAMENG	18.47		
Palatana	116.69	115.17	115.17
Others			
DEVIATION/SHORTTERM/BANKING	-	3.74	-
Free Power	-	-	-
Banking	-	-	-
Total	479.29	439.44	435.70
REC Purchase	6.12	-	-
Other Charges	-	0.01	0.00
Total power purchase	485.41	439.45	435.70
PGCIL- Transmission Charges	111.69	97.72	97.72
NERLDC/NERPC Charges	2.55	6.18	6.18
Grand Total	599.66	543.35	539.60

The Commission now approves the power purchase cost of Rs. 539.60 Cr. for the FY 2023-24 against Rs. 543.35 Cr. estimated by DPN.

6.8 Operation and Maintenance Expenses

Operation & Maintenance expenses comprise of the following heads of expenditure viz.

- Employee Expenses
- Administration & General Expenses
- Repair & Maintenance Expenses

Details of Employee Expenses, Administration & General Expenses and Repair & Maintenance Expenses are discussed in the subsequent paras.

6.8.1 Employee Cost

The Commission vide its Order dated 27th March 2023, had approved employee cost at Rs. 154.38 Cr. for the FY 2023-24. The DPN has estimated at Rs. 177.37 Cr. for the FY 2023-24 and the cost now approved by the Commission are given in the table below.

Table 6.8: Employee Cost approved by Commission for the 2023-24 (Rs. Cr.)

Particulars	Approved in T.O. dated 27th March 2023	Estimated for FY 2023-24	Now approved by the Commission
Employee Expenses	154.38	177.37	177.37

The Commission now approves the employee cost of Rs. 177.37 Cr. for the FY 2023-24 as per revise estimated by DPN.

6.8.2 Administrative and General Expenses

The Commission vide its Order dated 27th March 2023, had approved A&G expenses at Rs. 3.25 Cr. for the FY 2023-24. The DPN has estimated at Rs. 3.53 Cr. for the FY 2023-24 and the same now approved by the Commission are given in the table below.

Table 6.9: Administrative and General Expenses approved by Commission for the FY 2023-24 (Rs. Cr.)

Particulars	Approved in T.O. dated 27th March 2023	Estimated for FY 2023-24	Now approved by the Commission
A&G Expenses	3.25	3.53	3.53

The Commission now approves the A&G Expenses of Rs. 3.53 Cr. for the FY 2023-24, as per review estimated by DPN.

6.8.3 Repair and Maintenance Expenses

The Commission vide its Order dated 27th March 2023, had approved Repair & Maintenance expenses at Rs. 34.61 Cr. for the FY 2023-24. The DPN has estimated at Rs. 17.96 Cr. for the FY 2023-24 and the cost now approved by the Commission are given in the table below.

Table 6.10: Repair and Maintenance Expenses approved by Commission for the FY 2023-24 (Rs. Cr.)

Particulars	Approved in T.O. dated 27th March 2023	Estimated for FY 2023-24	Now approved by the Commission
R&M Expenses	34.61	17.96	17.96

The Commission accordingly approves the Repair & Maintenance Expenses of Rs. 17.96 Cr. for the FY 2023-24 as estimated by DPN to ensure the quality supply and consumer satisfaction in the region.

6.8.4 Summary of O&M Expenditure approved by the Commission

The summary O&M Expenditure approved by the Commission is tabulated below:

Table 6.11: O&M Expenses approved by Commission for the FY 2023-24 (Rs. Cr.)

Particulars	Approved in T.O. dated 27th March 2023	Estimated for FY 2023-24	Now approved by the Commission
Employee Expenses	154.38	177.37	177.37
R&M Expenses	34.61	17.96	17.96
A&G Expenses	3.25	3.53	3.53
Total O&M Expenses	192.24	198.86	198.86

The Commission approves each component of O&M expenses as per Petitioner claim for the FY 2023-24, as the same is necessary for smooth functioning of the DPN.

6.9 Capital Expenditure & Capitalization

The DPN estimated Capital Expenditure of Rs. 100 Cr. for the FY 2023-24. However, the Petitioner has not submitted project wise details regarding CWIP and Capitalization for the FY 2023-24. In absence of details, the Commission has not carried out prudence check of the same. However, the Commission provisionally approves the capital expenditure of Rs. 100 Cr. for the FY 2023-24 to ensure consumer satisfaction and reduction in T&D losses by improving the system.

Further, the Commission directs DPN to submit project wise details of capital expenditure incurred and projects Capitalized in True-up Petition for the respective year.

6.10 Gross Fixed Assets (GFA) and Depreciation

The DPN has claimed GFA addition for FY 2023-24, the details as per table below:

Table 6.12: Gross Fixed Assets for the FY 2023-24

Particulars	Approved in T.O. dated 27th March 2023	Estimated for FY 2023-24	Now approved by the Commission
Opening GFA	3,328.59	1,745.28	1,745.28
Asset Capitalized	100.00	100.00	100.00
Closing GFA	3,428.59	1,845.28	1,845.28

Commissions Analysis:

In the absence of details of assets capitalised during FY 2023-24, the Commission has not carried out prudence check of the addition of capitalization for the FY 2023-24.

Therefore, the Commission directs DPN to submit project wise details of projects Capitalized and audited Fixed Assets Register with True-up Petition for the respective year.

The Commission vide its Order dated 27th March 2023, had not approved any depreciation for the FY 2023-24. However, the DPN has claimed Rs. 80.51 Cr. for the FY 2023-24 towards depreciation. Details of the claim and approval as below:

Table 6.13: Depreciation approved by Commission for the FY 2023-24

Particulars	Approved in T.O. dated 27th March 2023	Estimated for FY 2023-24	Now approved by the Commission
Opening Assets at the Beginning of the year	3,328.59	1,745.28	1745.28
Addition of assets during the year	100.00	100.00	100.00
Gross Fixed assets at the end of the year	3,428.59	1,845.28	1,845.28
Average GFA	-	1,795.28	1,795.28
Weighted Average Rate of Depreciation	-	4.48%	4.48%
Depreciation for the year	0.00	80.51	80.51

The Commission at this stage approves the claim of Rs. 80.51 Cr. towards depreciation.

6.11 Interest and Finance Charges

The DPN vide their ARR & Tariff Petition for the FY 2024-25 has been submitted that the entire capital employed has been funded through infusion of funds by Government of Nagaland through budgetary support without any external borrowings on part of the DPN. Therefore, the DPN has not considered interest on loan for the FY 2023-24.

Commission's Analysis:

Regulation 27 of the Nagaland Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2016 provides that the DPN has entitled for interest and finance charges.

Further, Regulation 22 of the NERC Multi Year Tariff Regulations, 2016 specify the normative debt equity ratio for calculation of interest on loan.

However, the DPN has stated that the entire capital employed has been funded through infusion of funds by Government of Nagaland through budgetary support without any external borrowings. As such, the Commission has not considered interest on loan for the FY 2023-24.

6.12 Interest on Working Capital

The Commission vide Tariff Order dated 27th March 2023 has not approved any amount for Interest on Working Capital for the FY 2023-24.

The DPN vide their ARR and Tariff Petition for the FY 2024-25 has been stated that the entire operating expenses of the Department is provided by the Government of Nagaland without any external borrowings toward working capital. Hence, The DPN does not have any working capital loan. Therefore, the DPN has not claimed interest on Working Capital for the FY 2023-24.

Commission's Analysis:

As per clause 29.4 of NERC MYT Regulations 2016 the working capital of a licensee shall consist of

- a. Operation and maintenance expenses for one month; plus
- b. Maintenance spares at one (1) per cent of the historical cost escalated at 6% from the date of commercial operation; plus
- c. Receivables equivalent to one (1) month of the expected revenue from sale of electricity at the prevailing tariffs; minus
- d. Amount held as security deposits under clause (a) and clause (b) of sub-section (1) of Section 47 of the Act from consumers except the security deposits held in the form of Bank Guarantees;

and the rate of interest on working capital shall be equal to the SBI Advance rate on 1st April of the relevant year.

The Petitioner in their Review Petition for the FY 2023-24 has been submitted as follows.

"However, it is submitted that the entire operating expenses of the Department is provided by the Government of Nagaland without any external borrowings toward working capital. Hence, DPN does not have any working capital loan. As such, the DPN has not claimed interest on Working Capital for the FY 2023-24."

In the view of the above submission, the Commission has not considered any Interest on Working Capital for the FY 2023-24.

6.13 Bad Debts

Regulation 89.8 of NERC MYT Regulations, 2016 provides as follows: "The Commission may allow bad debts written off as a pass through in the aggregate revenue requirement, subject to prudence check."

The DPN has submitted vide their ARR & Tariff Petition for the FY 2024-25 as follows.

“DPN proposes to claim the Bad debt after the Annual Accounts for the year are finalised and audited. Hence, the same shall be claimed at the time of True-up for the FY 2023-24. Hon’ble Commission may allow the same.”

In view of the above the Commission has not considered any Bad Debts for the FY 2023-24.

6.14 Return on Equity

Regulation 26 of MYT Regulations 2016 provides for Return on Equity (RoE) as follows:

“Return on equity shall be computed on the paid-up equity capital determined in accordance with Regulation 22 relating to the Generating Company or Transmission Licensee or Distribution Licensee as the case may be and shall be allowed at the rate of 15.5% for Generating Companies, including hydro generation stations above 25 MW, Transmission Licensee, and Distribution Licensee”

However, the DPN has submitted that the entire capital employed has been funded through infusion of funds by Government of Nagaland through budgetary support. There is no paid-up equity capital nor DPN is paying any return on equity to the Government of Nagaland. Therefore, the DPN has not claimed Return on Equity for the FY 2023-24.

The expenses of the Petitioner are funded by the Government through budgetary support. Therefore, the commission at this stage has not considered any return on equity for the FY 2023-24.

6.15 Non-Tariff Income

The Commission vide its Order dated 27th March 2023, had approved Non-Tariff Income at Rs. 15.33 Cr. for the FY 2023-24. The DPN has not proposed any revision by its APR Petition for the FY 2023-24 therefore, the Commission now approves the Non-Tariff Income as given in the table below.

Table 6.14: Non-Tariff Income approved by Commission for the FY 2023-24 (Rs. Cr.)

Particulars	Approved in T.O. dated 27th March 2023	Estimated for FY 2023-24	Now approved by the Commission
Non-Tariff Income	15.33	15.33	15.33

The Commission approves the Non-Tariff Income of Rs. 15.33 Cr. for the FY 2023-24, as per Petitioner Claim.

6.16 Revenue from Existing Tariff

The DPN has claimed of Rs. 415.30 Cr. towards Revenue from existing Tariff for the FY 2023-24. The Revenue figures now approved by the Commission are furnished in the table below.

Table 6.15: Revenue from Sales approved by Commission for the FY 2023-24 (Rs. Cr.)

S. No.	Category / Slab of Consumers	Approved in T.O. dated 27th March 2023	Estimated for FY 2023-24	Now approved by the Commission
1	Domestic	173.41	150.08	146.04
2	Industrial	32.15	7.68	7.58
3	Bulk Supply	79.87	53.01	51.65
4	Commercial	94.19	36.81	36.81
5	Public water works & sewage	0.03	0.26	0.26
6	Public Lighting	2.44	2.32	2.32
7	Agriculture	0.01	0.01	0.01
8	Single Point Metered Rural	55.73	31.77	31.77
9	Single Point Metered Urban	18.35	7.72	7.72
10	Total (Within the State)	456.18	289.67	284.17
11	Outside state sale	54.16	125.63	164.40
12	Total Sale	510.34	415.30	448.57

The Commission has approved Energy sales of 656.09 MUs for the FY 2023-24 as against the claim of 616.94 MUs in previous para.

Further the Commission has considered approved Tariff rate while calculating Revenue from existing tariff.

In light of the above, the Commission approves Rs. 448.57 Cr. as Revenue from Existing Tariff including outside state sales of Rs. 164.40 Cr. for the FY 2023-24.

6.17 Aggregate Revenue Requirement (ARR)

The Commission has approved ARR for the FY 2023-24 vide Tariff Order dated 27th March 2023. Now, the DPN has requested the Commission to approve their ARR based on their revised claim for the FY 2023-24. The summary of Revised Claim by DPN and approved by the Commission are as follows.

Table 6.16: Aggregate Revenue Requirement approved by Commission for the FY 2023-24 (Rs. Cr.)

S. No.	Particulars	Approved in T.O. dated 27th March 2023		Estimated for FY 2023-24		Approved for Review of FY 2023-24	
1	Cost of power purchase	485.41	-	439.45	-	435.70	-
2	Transmission charges	114.24	-	103.90	-	103.90	-
3	Total cost of power purchase (1+2)	-	599.65	-	543.35	-	539.60
4	Cost of Generation	-	20.06	-	15.64	-	15.64
5	Employee Expenses	154.38	-	177.37	-	177.37	-
6	Repair & Maintenance Expenses	34.61	-	17.96	-	17.96	-
7	Administration & General Expenses	3.25	-	3.53	-	3.53	-
8	Total O & M Expenses (5+6+7)	-	192.24	-	198.86	-	198.86
9	Interest and finance charges	-	-	-	-	-	-
10	Depreciation	-	-	-	80.51	-	80.51
11	Interest on working capital	-	-	-	-	-	-
12	Return on Equity	-	-	-	-	-	-
13	Total Revenue Requirement (3+4+8+9+10+11+12)	-	811.95	-	838.36	-	834.61
14	Less: Non-Tariff Income	-	15.33	-	15.33	-	15.33
15	Net Revenue Requirement (13-14)	-	796.62	-	823.03	-	819.28
16	Revenue from Sales	-	510.33	-	415.30	-	448.57
17	Revenue Subsidy- Govt. of Nagaland	-	192.24	-	198.86	-	198.86
18	Additional Subsidy- Govt. of Nagaland	-	94.05	-	208.87	-	171.84
19	Revenue Surplus/(Gap) for the Year (16+17+18-15)	-	0.00	-	0.00	-	0.00

The Commission approves Revenue Gap of Rs. 171.84 Cr. as against Rs. 208.87 Cr. estimated by the DPN.

As the utility is a Government Department fully covered under the budgetary support of the State Government, the gap, if any is funded through Revenue/Additional Subsidy from the Government of Nagaland. Therefore, the Commission has approved the Revenue GAP as NIL for the FY 2023-24.

7. Aggregate Revenue Requirement of FY 2024-25

7.1 Energy Sales

Proper estimation of category wise energy sales is essential to determine the quantum of power purchase and the assessment of revenue. This section examines in detail the consumers category wise sales projected by the DPN in their petition for assessment of ARR.

7.2 Consumer Categories

DPN serves about 3.17 lakhs consumers at the end of 31st March, 2022 in their licensed area and the consumers are categorized as under.

Table 7.1: Category of Consumers

Sl. No.	Category
1	Category 'A' Domestic
2	Category 'B' Industrial
3	Category 'C' Bulk
4	Category 'D' Commercial
5	Category 'E' PWW
6	Category 'F' Public Light
7	Category 'G' Inter-state
8	Category 'H' Agriculture
9	Category 'I' Temporary Connection
10	Kuti Jyoti (Point)
11	Single Point Metered Rural
12	Single Point Metered Urban

DPN serves the consumers at different voltage levels at which the consumers avail supply. The Commission has considered the same categories as existing categories.

7.3 Growth of Consumers and Connected Load

The DPN served nearly about 3.17 Lakh consumers at the end of 31st March, 2023. The Commission has analysed the data provided by the DPN and accordingly approves the No. of consumers for the FY 2024-25.

Table 7.2: Number of Consumers approved by Commission

S. No.	Categories	Approved by the Commission for FY 2024-25
1	Domestic including BPL	1,83,229
2	Industrial	4,690
3	Bulk Supply	2,331
4	Commercial	20,385
5	Public water works & sewage	38
6	Public Lighting	621
7	Agriculture	8
8	Single Point Metered Rural	1,22,191
9	Single Point Metered Urban	12,905
10	Total	3,46,399

7.4 Category-wise Energy Sales

DPN has projected category wise energy sales for the FY 2024-25, as given in the table below:

Table 7.3: Projected Energy Sales (in MUs)

S. No.	Categories	Claimed by DoPN for FY 24-25 (Projected)
1	Domestic including BPL	269.36
2	Industrial	11.63
3	Bulk Supply	80.10
4	Commercial	50.07
5	Public water works & sewage	0.37
6	Public Lighting	1.13
7	Agriculture	0.04
8	Single Point Metered Rural	62.64
9	Single Point Metered Urban	14.52
10	Total Sale (Within the State)	489.87
11	Outside state	106.43
12	Total	596.30

7.4.1 Analysis of Energy Sales Projections by DPN and the Commission's decision

Based on the actual sales during the FY 2017-18 to FY 2022-23, the sales growth rate is worked out as detailed in the table below:

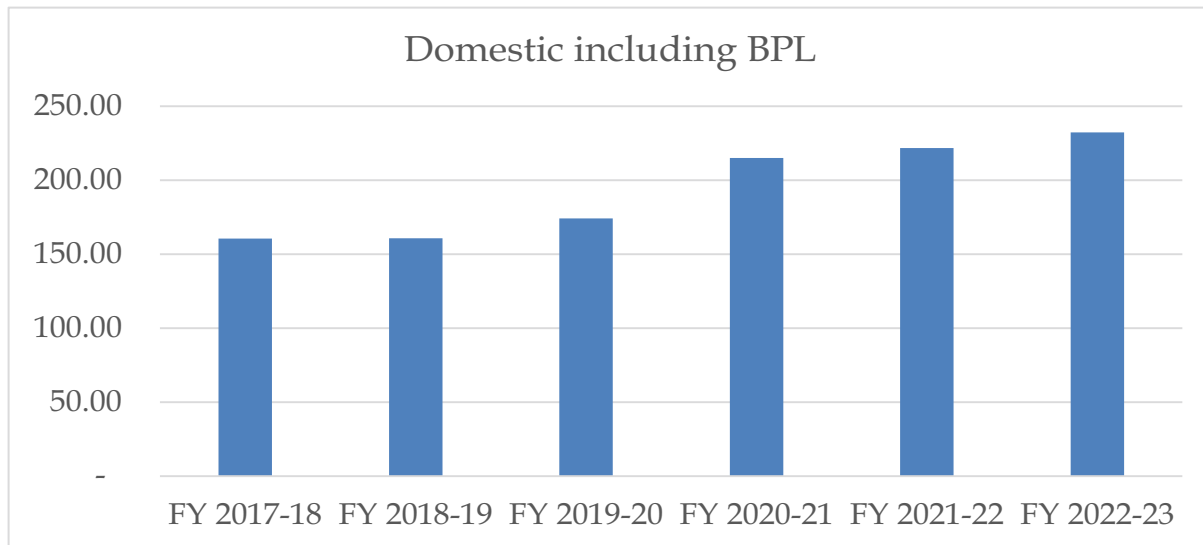
Table 7.4: Consumer Category-wise growth in Energy Sales

S. No.	Categories	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	CAGR for 5 Years	CAGR for 3 Years	CAGR for 2 Years	CAGR for last Year
		(in MUs)						(in %)			
1	Domestic	160.50	160.71	174.15	215.09	221.72	232.32	7.68	10.08	3.93	4.78
2	Industrial	9.05	9.15	10.12	10.90	11.15	10.83	3.64	2.28	-0.32	-2.91
3	Bulk Supply	59.86	60.86	70.34	67.90	94.31	73.70	4.25	1.57	4.19	-21.85
4	Commercial	29.08	29.12	35.69	32.51	29.63	45.42	9.33	8.37	18.20	53.29
5	Public water works & sewage	0.05	0.05	0.15	0.08	0.07	0.33	48.68	31.66	99.47	377.15
6	Public Lighting	0.01	0.01	0.23	1.13	1.13	-	-100.00	-100.00	-100.00	-100.00
7	Agriculture	0.00	0.00	0.01	0.01	0.01	0.04	68.85	47.83	85.49	304.31
8	Single Point Metered Rural	32.65	32.55	50.25	61.58	72.19	57.35	11.93	4.51	-3.49	-20.55
9	Single Point Metered Urban	6.14	6.14	12.27	15.14	15.20	13.58	17.22	3.42	-5.30	-10.66
10	Total Sale (Within the State)	297.34	298.58	353.21	404.34	445.41	433.57	7.84	7.07	3.55	-2.66
11	Outside state	29.25	44.35	41.01	67.05	46.3178	141.28	37.02	51.03	45.16	205.02
12	Total	326.59	342.93	394.22	471.39	491.73	574.85				

Considering the data submitted in the petition, the category-wise sales projected by the DPN and Commission approvals are discussed below.

Domestic including BPL

The DPN has projected energy sales to domestic category at 269.36 MUs for the FY 2024-25, while the actual sales during FY 2022-23 is 232.32 MUs. The trend of the actual consumption in the category for the FY 2017-18 to FY 2022-23 is shown in the chart below:



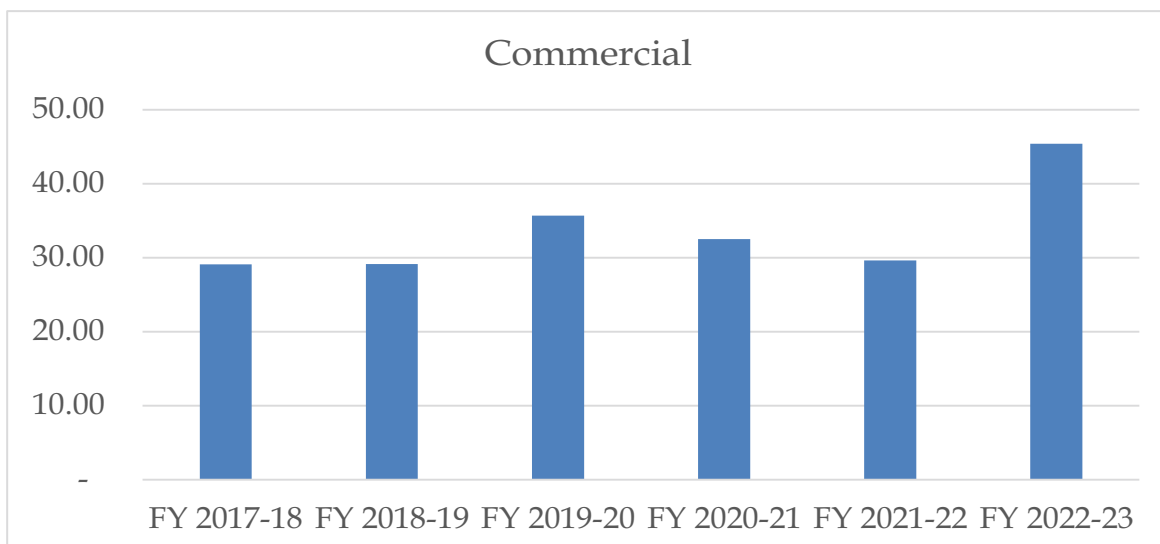
The five-year growth rate is 7.68%, three-year growth rate is 10.08%, two-year growth rate is 3.93% and YoY growth rate is 4.78%.

The Commission has analysed actual growth rate of energy sales and Year over Year growth rate of 4.78% is considered reasonable. Projection of sales during the FY 2024-25 with YoY growth rate works out to 255.07 MUs.

Accordingly, the Commission approves the sales at 255.07 MUs for the FY 2024-25 for Domestic including BPL category.

Commercial

The DPN has projected energy sales for this category at 50.07 MUs for the FY 2024-25, while the actual sales during FY 2022-23 is 45.42 MUs. The trend of the actual consumption in the category for the FY 2017-18 to FY 2022-23 is shown in the chart below:



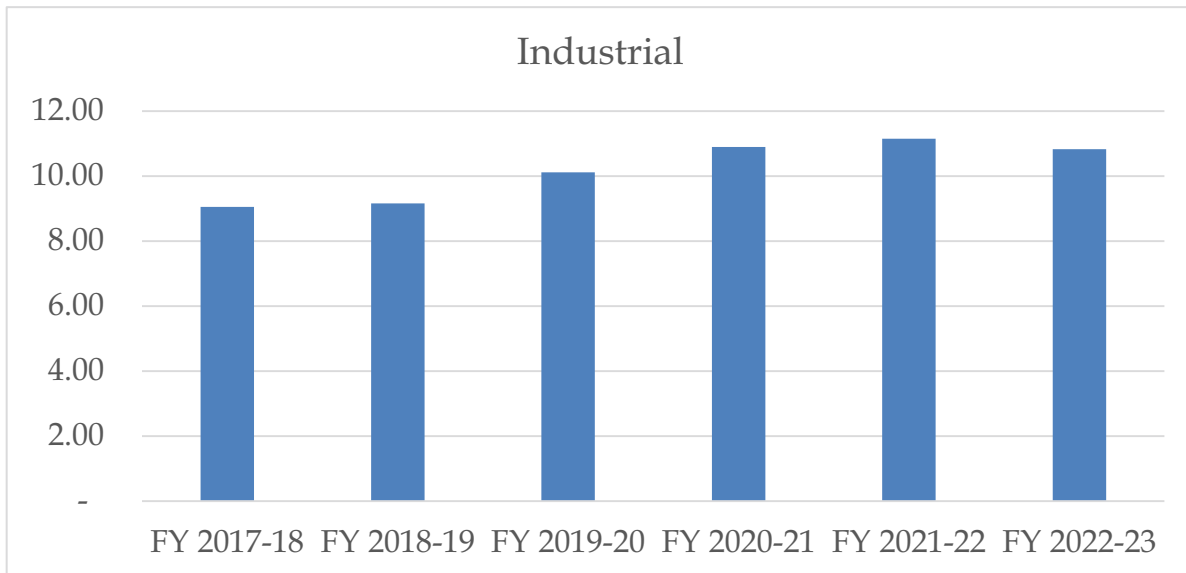
The five-year growth rate is 9.33%, three-year growth rate is 8.37%, two-year growth rate is 18.20% and YoY growth rate is 53.29%.

The Commission analysed actual growth rate of commercial category. It is observed that the growth rate of this category is very high for the last two years. Therefore, the Commission at this stage has considered growth rate at 5% as claimed by the DPN. Projection of sales during the FY 2024-25 with 5-year growth rate works out to 50.07 MUs.

Accordingly, the Commission approves the sales at 50.07 MUs for the FY 2024-25 for Commercial category.

Industrial

The DPN has projected energy sales for this category at 11.63 MUs for the FY 2024-25, while the actual sales during FY 2022-23 is 10.83 MUs. The trend of the actual consumption in the category for the FY 2017-18 to FY 2022-23 is shown in the chart below:



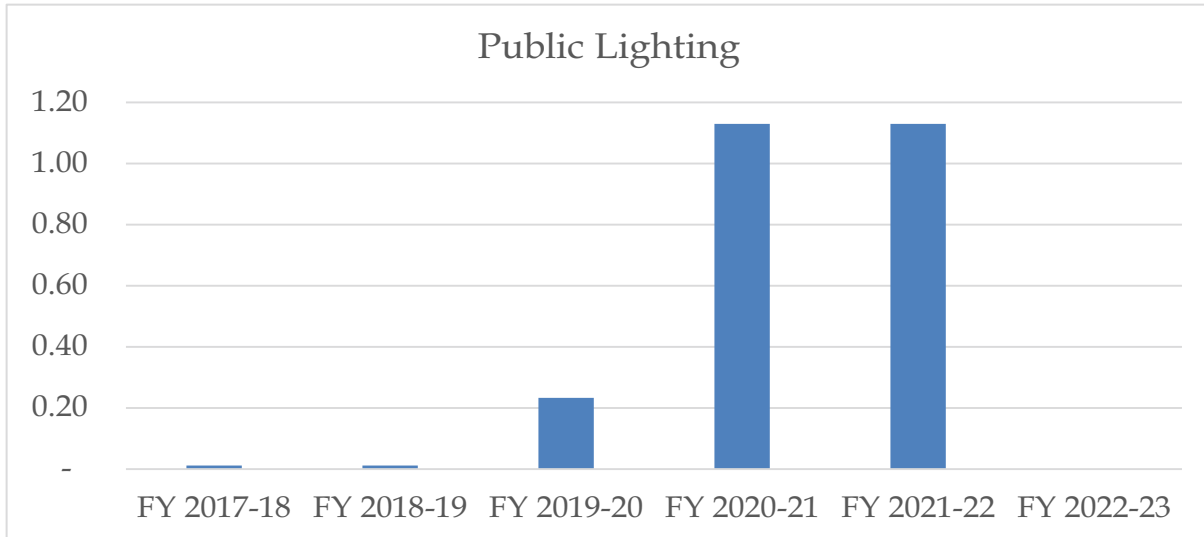
The five-year growth rate is 3.64%, three-year growth rate is 2.28%, two-year growth rate is -0.32% and YoY growth rate is -2.91%.

The Commission analysed actual growth rate of Industrial category and considered three-year growth rate of 2.28% as reasonable. Projection of sales during the FY 2024-25 with three-year growth rate works out to 11.33 MUs.

Accordingly, the Commission approves the sales at 11.33 MUs for the FY 2024-25 for Industrial category.

Public Lighting

The DPN has projected energy sales for this category at 1.13 MUs for the FY 2024-25, while the actual sales during FY 2022-23 is Nil. The trend of the actual consumption in the category for the FY 2017-18 to FY 2022-23 is shown in the chart below:



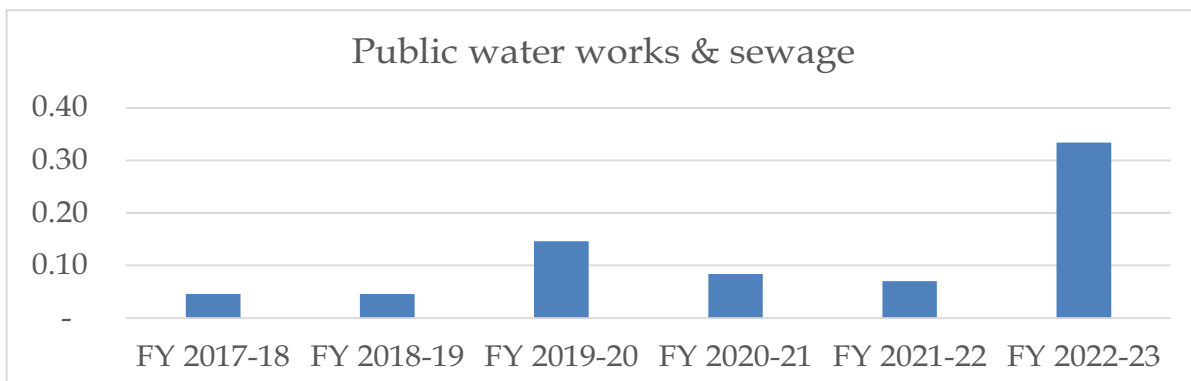
The growth rate for five-year, three-year, two-year and YoY is 0%.

Therefore, the Commission at this stage allow sales under this category at 1.13 MUs as approved for FY 2023-24.

Accordingly, the Commission approves the sales at 1.13 MUs for the FY 2024-25 for Public Lighting category.

Public Water Works

The DPN has projected energy sales for this category at 0.37 MUs for the FY 2024-25, while the actual sales during FY 2022-23 is 0.33 MUs. The trend of the actual consumption in the category for the FY 2017-18 to FY 2022-23 is shown in the chart below:



The five-year growth rate is 48.68%, three-year growth rate is 31.66%, two-year growth rate is 99.47% and YoY growth rate is 377.15%.

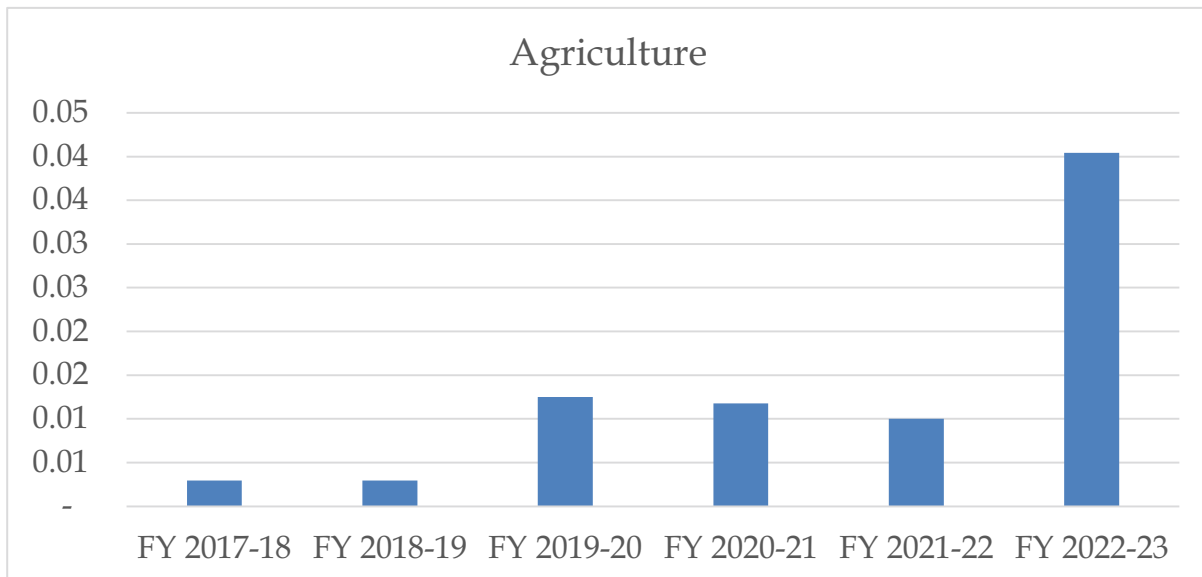
The Commission has analysed the past actual data of energy sales for this category. The growth rate of Public Water Works category is not showing any specific growth trend.

Therefore, the Commission approves the energy sales at 0.37 MUs as projected by DPN for the FY 2024-25.

Accordingly, the Commission approves the sales at 0.37 MUs for the FY 2024-25 for Public Water Works category. However, the DPN may approach the Commission with the actual data in True-up Petition for the year.

Irrigation and Agriculture

The DPN has projected energy sales for this category at 0.04 MUs for the FY 2024-25, while the actual sales during FY 2022-23 is 0.04 MUs. The trend of the actual consumption in the category for the FY 2017-18 to FY 2022-23 is shown in the chart below:

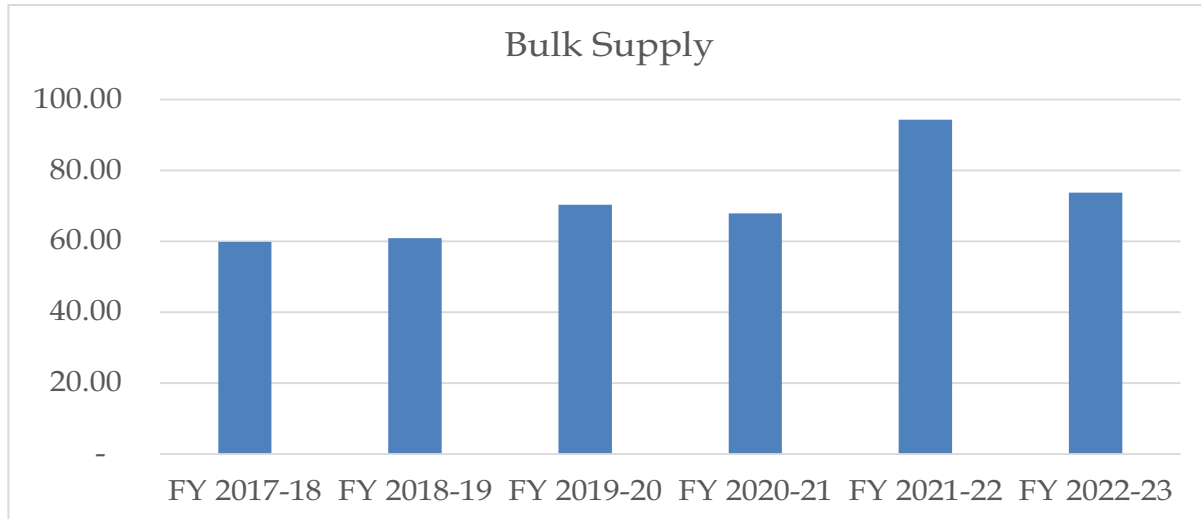


On the basis of the above data, the Commission has considered 0.04 MUs for the FY 2024-25 as proposed by the DPN in line with the actuals of FY 2022-23.

Accordingly, the Commission approves the sales at 0.04 MUs for the FY 2024-25 for Irrigation and Agriculture category.

Bulk Supply

The DPN has projected energy sales for this category at 80.10 MUs for the FY 2024-25, while the actual sales during FY 2022-23 is 73.70 MUs. The trend of the actual consumption in the category for the FY 2017-18 to FY 2022-23 is shown in the chart below:



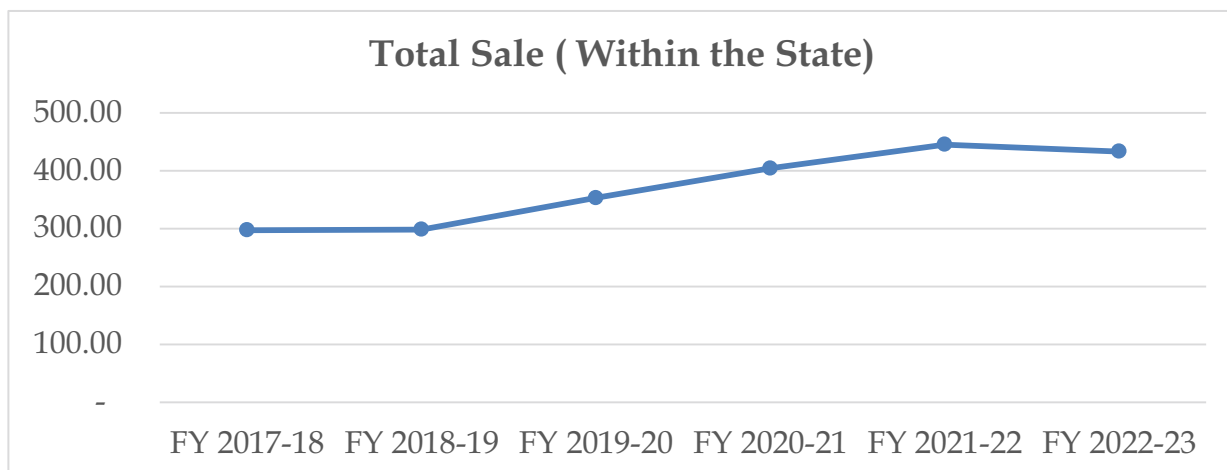
The five-year growth rate is 4.25%, three-year growth rate is 1.57%, two-year growth rate is 4.19% and YoY growth rate is -21.85%.

The Commission analysed actual growth rate of Bulk Supply category and considered three-year growth rate of 1.57% as reasonable. Projection of sales during the FY 2024-25 with three-year growth rate works out to 76.03 MUs.

Accordingly, the Commission approves the sales at 76.03 MUs for the FY 2024-25 for Bulk Supply category.

Total sales

The trend of the total actual consumption within the state of Nagaland for the FY 2017-18 to FY 2022-23 is shown in the chart below:



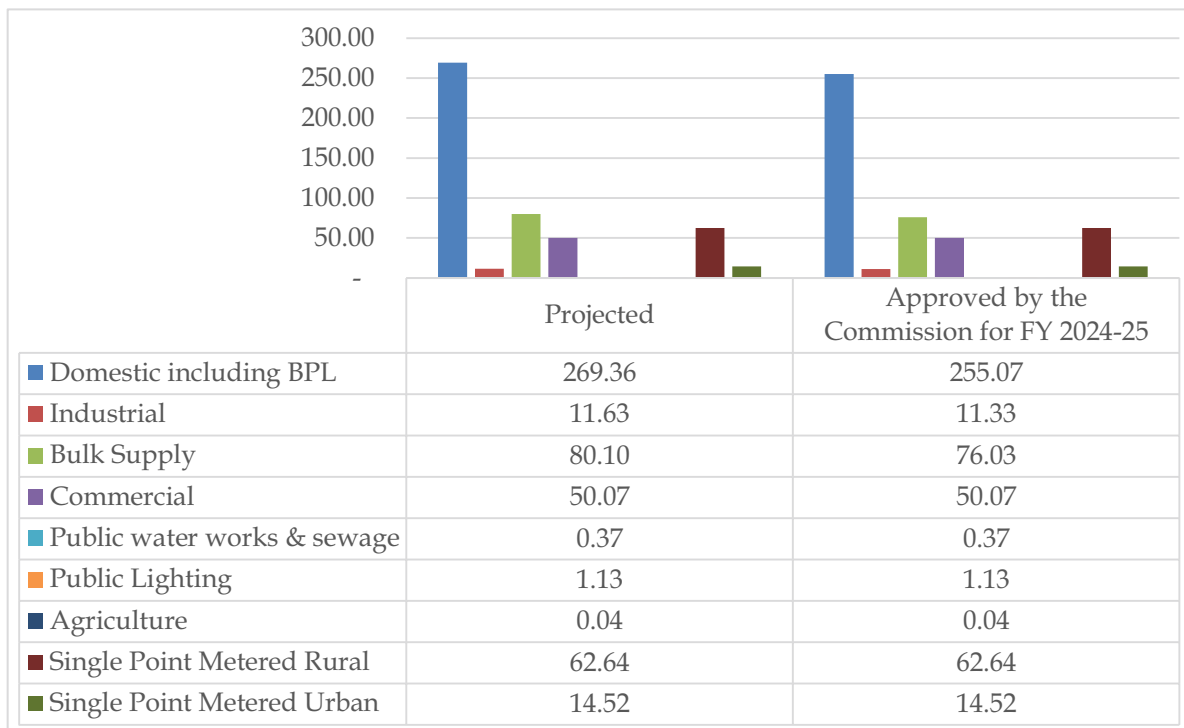
7.5 Category-Wise Energy Sales

As discussed in para 7.4 supra category wise energy sales approved by the Commission for the FY 2024-25 are tabulated below:

Table 7.5: Category-wise energy sales approved by the Commission (in MUs)

S. No.	Categories	Approved in MYT.O. dated 20th March 2020	Projected	Approved by the Commission for FY 2024-25
1	Domestic including BPL	480.86	269.36	255.07
2	Industrial	91.77	11.63	11.33
3	Bulk Supply	129.46	80.10	76.03
4	Commercial	140.56	50.07	50.07
5	Public water works & sewage	16.83	0.37	0.37
6	Public Lighting	20.51	1.13	1.13
7	Agriculture	0.02	0.04	0.04
8	Single Point Metered Rural		62.64	62.64
9	Single Point Metered Urban		14.52	14.52
10	Total (Within the State)	880.01	489.87	471.21

The below chart depicts the category-wise comparison of energy sales projected by DPN and approved by the Commission for the FY 2024-25:



7.6 Transmission and Distribution Losses (T&D Losses)

DPN has projected the Distribution loss at 37% & Transmission loss at 8% and Total T&D losses at 45% for the FY 2024-25 against approved of 22.25% by the Commission in MYT Order dated 20th March, 2020.

Commission's Analysis:

The DPN has not complied the Commission's direction to identify the area of losses.

Further, it is observed that the REC vide its letter no REC/RDSS/Nagaland/DoPN/2022-23/390 dated 16.01.2023 has communicated the approval of the action plan and DPR of Department of Power, Nagaland under Revamped Distribution Sector Scheme (RDSS) and set the trajectories for A&TC losses at 25.60% for the FY 2024-25. Keeping in view the pre-qualifying criteria set in the RDSS approval, the Commission at this stage approves the A&TC losses at 25.60% and transmission losses at 8% for the FY 2024-25.

Accordingly, the Commission approves Transmission Losses of 8% and Distribution Losses at 25.60% for the FY 2024-25.

7.7 Energy Requirement

The energy requirement for DPN is estimated based on the retail sales projections grossed up by estimated loss levels. The energy requirement expected for the FY 2024-25 is as given below:

Table 7.6: Energy Requirement Projected by DPN (in MUs)

Particulars	FY 2024-25 (Projected)
Energy Sales within State	489.87
Distribution Losses %	37%
Distribution Losses (MUs)	287.70
Total Energy Requirement	777.57

Commission's Analysis:

The Commission has worked out Energy Requirement based on approved sales within the state and approved distribution losses.

The approved energy requirement for the FY 2024-25 is as detailed in table below:

Table 7.7: Energy Requirement approved by the Commission

Sl. No.	Particulars	Unit	Approved for FY 2024-25
1	Energy sales approved	MUs	471.21
2	Distribution Losses approved	%	25.60%
3	Distribution Losses approved	MUs	162.14
4	Energy Requirement	MUs	633.35

7.8 Energy Availability

7.8.1 Own Generation

The DPN is having hydro generation installed capacity of 28 MW. The Commission in its Tariff Order dated 20.03.2020 had approved Own Generation for the DPN at 91.00 MUs for the FY 2024-25. Now, the DPN has projected own generation was 84.40 MUs during the FY 2024-25, as detailed in the table below.

Table 7.8: Power Generation approved by Commission (in MUs)

Sl. No.	Particulars	Approved in Tariff Order dated 20.03.2020	Projected by DPN	Approved by the Commission
1	Own Power Generation	91.00	84.40	84.40

Accordingly, the Commission approves the own generation (Net) at 84.40 MUs for the FY 2024-25 from its own generating stations as projected by DPN.

7.8.2 Power Purchase

DPN has allocation of power from various central generating stations in north eastern region of NTPC, NEEPCO, NHPC & OTPC, eastern region of NTPC and from Own generating stations as given below:

Table 7.9: Power Allocation from Central Sector and Other Generating Stations

Sl. No.	Source	Capacity (In MWs)	Allocation	
			(In %)	(In MWs)
A	Central Generating Stations			
I	NTPC			
1	Farakka STPS	1600.00	0.43	6.88

Sl. No.	Source	Capacity (In MWs)	Allocation	
			(In %)	(In MWs)
2	Kahalgaon STPS	840.00	0.43	3.57
3	Talcher STPS	1000.00	0.42	4.25
4	Bongaigaon TPS	750.00	4.93	12.33
	NTPC-Total	4190.00		27.02
II	NHPC			
1	Loktak HEP	105.00	6.43	6.75
	NHPC-Total	105.00		6.75
III	NEEPCO			
1	Doyang HEP (Incl. Free)	75.00	17.81	13.35
2	AGBPP	291.00	5.81	16.89
3	AGTPP	135.00	5.74	4.82
4	Khandong HEP	50.00	6.65	3.33
5	Kopili HEP	200.00	6.15	12.29
6	Ranganadi HEP	405.00	5.34	21.61
7	Kopili - II HEP	25.00	5.74	1.43
8	PARE	110.00	5.40	5.94
9	KAMENG	600.00	1.50	9.00
	NEEPCO-Total	1891.00		88.66
IV	OTPC			
1	Palatana	726.60	7.16	52.04
	OTPC-Total	726.60		52.04
B	Own Generation	24.00	100.00	24.00
VI	Total	6936.60		198.48

7.8.3 Assumption of Power Purchase Projection

The DPN has submitted that the merit order dispatch principles are to be adopted when determining the power purchases from various generating stations. However, in a power deficit scenario, these principles do not play a significant role as the utilities will try and purchase all the power that is available at its disposal. Accordingly, DPN has considered purchase of the entire power available from all the possible sources during the period to meet the demand to the extent possible.

7.8.4 Energy Draws from CGS and Other Sources

The DPN projected energy drawl of about 1026.12 MUs in the FY 2024-25, as detailed in table below:

Table 7.10: Summary of Power Purchase projected by DPN

Sl. No.	Name of Project	Approved in MYT.O. dated 20th March 2020	Projected
	Central Sectors		
1	Farakka STPS	40.79	41.47
2	Kahalgaon STPS	23.52	21.57
3	Talcher STPS	29.19	30.11
4	BGTPP	69.64	190.53
5	Loktak HEP	55.04	16.72
6	DOYANG HEP	15.48	9.73
7	AGBPP	79.62	70.94
8	AGTPP	34.22	34.50
9	KHANDONG HEP	16.75	0.00
10	KOPILI HEP	63.34	27.96
11	RANGANADI HEP	73.94	63.50
12	KOPILI - II HEP	6.31	9.93
13	Pare HEP	41.63	24.95
14	Kameng		40.39
15	Palatana	131.09	334.36
	Others		
16	DEVIATION/SHORTTERM/BANKING	341.73	8.50
17	Free Power	31.19	16.56
18	Own Generation	91.00	84.40
	Total	1,144.48	1,026.12

Commission's Analysis:

The DPN had projected the power purchase including free energy at 16.56 MUs. Now, the approved power quantity for the FY 2024-25 is provided in the table below.

Table 7.11: Power Purchase approved by the Commission (in MUs)

Sl. No.	Name of Project	Approved in MYT.O. dated 20th March 2020	Projected	Approved
	Central Sectors			
1	Farakka STPS	40.79	41.47	41.47
2	Kahalgaon STPS	23.52	21.57	21.57
3	Talcher STPS	29.19	30.11	30.11
4	BGTPP	69.64	190.53	190.53

Sl. No.	Name of Project	Approved in MYT.O. dated 20th March 2020	Projected	Approved
5	Loktak HEP	55.04	16.72	16.72
6	DOYANG HEP	15.48	9.73	9.73
7	AGBPP	79.62	70.94	70.94
8	AGTPP	34.22	34.50	34.50
9	KHANDONG HEP	16.75	0.00	-
10	KOPI LI HEP	63.34	27.96	27.96
11	RANGANADI HEP	73.94	63.50	63.50
12	KOPI LI - II HEP	6.31	9.93	9.93
13	Pare HEP	41.63	24.95	24.95
14	Kameng		40.39	40.39
15	Palatana	131.09	334.36	334.36
	Others			
16	DEVIATION/SHORTTERM/BANKING	341.73	8.50	-
17	Free Power	31.19	16.56	16.56
18	Own Generation	91.00	84.40	84.40
	Total	1,144.48	1,026.12	1,017.62

The Commission now approves the power purchase of 1017.62 MUs for the FY 2024-25 including 16.56 MUs free power.

7.9 Energy Balance

The DPN has procured power from Eastern Region (ER) and North Eastern Region (NER). The power purchase from ER will be influenced by both ER and NER transmission losses while power purchased from NER will be influenced by only NER transmission losses.

Considering the above factors, the energy balance projected by the DPN & approved by the Commission are shown as detailed in Table below:

Table 7.12: Energy Balance approved by the Commission (in MUs)

Particulars	Approved in MYT.O. dated 20th March 2020	Projected	Approved by the Commission
Energy Sales within the State	880.01	489.87	471.21
Distribution Loss %	19.25%	37.00%	25.60%
Distribution Loss (MUs)	209.78	287.70	162.14
Total Energy Requirement	1,089.79	777.57	633.35
Energy Availability			
Own Generation	91.00	84.40	84.40

Particulars	Approved in MYT.O. dated 20th March 2020	Projected	Approved by the Commission
Power from ER	93.50	93.15	93.15
ER Total Loss (%)	2.26%	2.26%	2.26%
Regional Loss (MUs)	2.11	2.11	2.11
Net Energy from ER (MU's)	91.39	91.05	91.05
Power from NER	618.25	840.06	840.06
Total Power purchased	709.63	931.11	931.11
NER Tr. Loss %	2.66%	7.16%	7.16%
NER Tr. Loss	18.88	66.66	66.66
Net Energy Available	690.76	864.45	864.45
Add: Over Drawn/Short-term	341.73	5.74	-
Add: Banking (Import)	0.00	2.76	-
Less: Outside state sale	0.00	106.43	260.43
Less: Banking (Export)	0.00	5.74	-
Total Energy Available at state periphery	1,123.49	845.19	688.42
Intra State Tr. Loss (%)	3.00%	8.00%	8.00%
Intra State Tr. Loss (Mus)	33.70	67.61	55.07
Net Energy available for Sale	1,089.79	777.57	633.35
Demand Supply (Gap)/ Surplus	0.00	0.00	0.00

7.10 Aggregate Revenue Requirement

The components for calculation of revenue requirement (Total expenses) for the FY 2022-23 are as follows:

- Cost of Power Purchase
- Cost of Generation
- Cost of Fuel
- Operation and Maintenance Expenses
- Transmission charges
- SLDC Fees & Charges
- Intra-state Transmission Charges
- Interest & Finance Charges
- Depreciation
- Interest on working capital
- Return on Equity
- Prior Period Expenses

- Provision for bad debts

7.11 Projected expenses by DPN and decisions of the Commission

The Projected expenses by DPN under each head with analysis and decisions of the Commission are discussed below.

7.12 Cost of Generation

DPN has submitted that it is an integrated utility whereby, function wise cost details w.r.t. all the parameters of ARR are not readily available. The consolidated ARR of DPN is inclusive of the ARR of the Generation function. DPN has also submitted the O&M expenses incurred towards Likimro HEP, the cost furnished by DPN for the FY 2024-25 is provided in Table below.

Table 7.13: Cost of Generation projected by DPN (Rs. Cr.)

Particulars	Approved in MYT.O. dated 20 th March 2020	Projected	Approved by the Commission for FY 2024-25
Cost of Generation	21.42	16.13	16.13

Commission's Analysis:

The Generation system is being operated & maintained by DPN, cost towards generation has not been separately calculated in the petition. The cost of generation furnished by DPN is only the O&M charges paid for Likimro HEP. Other components of ARR has not been furnished. Further, function wise segregated accounts have also not been furnished. Therefore, cost of generation has not been approved separately. The same shall be approved separately after DPN segregates the accounts on the basis of function viz. Distribution, Transmission & Generation.

In view of the above the Commission approves Cost of Generation at Rs. 16.13 Cr. for the FY 2024-25 as projected by DPN.

7.13 Power Purchase Cost

Petitioner's Submission:

DPN has projected power purchase cost at Rs. 474.13 Cr. for the FY 2024-25.

The assumptions for power purchase costs are as detailed below:

Power Purchase cost is a function of the energy requirement and price of available power from the different sources for meeting the energy requirement. The energy requirement of DPN for the FY 2024-25 is proposed to be met from own generation & power purchase from available sources. The DPN had projected of Rs. 474.13 Cr. Further, the Commission directs DPN to project the revised Cost as per the actual data/ documents available in the time of Review & True-up.

Station-wise power purchase cost projected & approved in the MYT Order dated 20.03.2020 for the FY 2024-25 are furnished in table below.

Table 7.14: Power Purchase Cost projected by DPN (Rs. Cr.)

Plant	Approved in MYT.O. dated 20th March 2020	Projected Cost (in Rs. Cr.)
Central Sectors		
Farakka STPS	22.23	181.12
Kahalgaon STPS	11.59	
Talcher STPS	10.28	
BGTPP	76.88	
Loktak HEP	22.38	8.96
DOYANG HEP	10.23	155.75
AGBPP	47.96	
AGTPP	24.37	
KHANDONG HEP	4.96	
KOPILI HEP	8.81	
RANGANADI HEP	30.95	
KOPILI - II HEP	1.90	
Pare HEP	26.15	
Palatana	56.49	124.26
Others		
DEVIATION/SHORTTERM/BANKING	105.83	4.04
Free Power		
Total	461.02	474.12
Cost of REC certificates	8.74	
Other Charges		0.01
Grand Total	469.76	474.13

Commission Analysis:

As seen from the above, the DPN has claimed the power purchase cost at Rs. 474.13 Cr. for the FY 2024-25. The Commission has analysed the power

requirement and cost. Accordingly, the power purchase cost for the FY 2024-25 is worked out, as detailed in the tables below. The Commission has not considered any cost towards REC certificates for compliance of RPO Regulations. However, actual expenses towards the same shall be allowed at the time of True up for the year after prudence check.

The allocation of power from CGSs is provided in table below.

Table 7.15: Allocation of power from CGS

Sl. No.	Source	Capacity (In MWs)	Allocation	
			(In %)	(In MWs)
A	Central Generating Stations			
I	NTPC			
1	Farakka STPS	1600.00	0.43	6.88
2	Kahalgaon STPS	840.00	0.43	3.57
3	Talcher STPS	1000.00	0.42	4.25
4	Bongaigaon TPS	750.00	4.93	12.33
	NTPC-Total	4190.00		27.02
II	NHPC			
1	Loktak HEP	105.00	6.43	6.75
	NHPC-Total	105.00		6.75
III	NEEPCO			
1	Doyang HEP (Incl. Free)	75.00	17.81	13.35
2	AGBPP	291.00	5.81	16.89
3	AGTPP	135.00	5.74	4.82
4	Khandong HEP	50.00	6.65	3.33
5	Kopili HEP	200.00	6.15	12.29
6	Ranganadi HEP	405.00	5.34	21.61
7	Kopili - II HEP	25.00	5.74	1.43
8	PARE	110.00	5.40	5.94
9	KAMENG	600.00	1.50	9.00
	NEEPCO-Total	1891.00		88.66
IV	OTPC			
1	Palatana	726.60	7.16	52.04
	OTPC-Total	726.60		52.04
B	Own Generation	24.00	100.00	24.00
VI	Total	6936.60		198.48

Based on the above the approved power purchase cost is provided below:

Table 7.16: Power Purchase Cost approved by the Commission for FY 2024-25 (Rs. CR.)

Plant	Approved in MYT.O. dated 20th March 2020	Projected Cost (in Rs. Cr.)	Approved by the Commission for FY 2024-25
Central Sectors			
Farakka STPS	22.23	181.12	181.12
Kahalgaon STPS	11.59		
Talcher STPS	10.28		
BGTPP	76.88		
Loktak HEP	22.38	8.96	8.96
DOYANG HEP	10.23	155.75	155.75
AGBPP	47.96		
AGTPP	24.37		
KHANDONG HEP	4.96		
KOPI LI HEP	8.81		
RANGANADI HEP	30.95		
KOPI LI - II HEP	1.90		
Pare HEP	26.15		
Palatana	56.49	124.26	124.26
Others			
DEVIATION/SHORTTERM/BAN KING	105.83	4.04	0.00
Free Power			
Total	461.02	474.12	470.08
Cost of REC certificates	8.74		
Other Charges		0.01	0.00
Grand Total	469.76	474.13	470.08

The Commission approves the power purchase cost at Rs. 470.08 Cr. for the FY 2024-25.

7.14 Transmission and Other Charges

The Transmission charges payable to CTUIL & PGCIL including SLDC Fees & Charges are estimated based on the quantum of power proposed for wheeling for the FY 2024-25. The same is proposed at Rs. 112.11 Cr.

The Transmission & Other Charges furnished by DPN for the FY 2024-25 and approved by the Commission are provided in the Table below.

Table 7.17: Transmission and Other Charges projected by DPN (Rs. Cr.)

Particulars	Approved in MYT.O. dated 20th March 2020	Projected
PGCIL Charges	51.50	105.44
NERLDC/NERPC fees and charges	0.64	6.67
Total	52.14	112.11

Commission’s Analysis:

The intra-state transmission system is being operated & maintained by DPN, transmission charges has not been separately calculated in the petition. Further, function wise segregated accounts have also not been furnished. Therefore, the Commission at this stage has approves the Transmission charges as claimed by the DPN.

Accordingly, the Commission approves Transmission and Other Charges at Rs. 112.11 Cr. for the FY 2024-25.

7.15 Operation and Maintenance Expenses

Operation & Maintenance expenses comprise of the following heads of expenditure viz.

- Employee Expenses
- Administration & General Expenses
- Repair & Maintenance Expenses

DPN has submitted that it is now gearing up for meeting the operational requirement of servicing for existing and additional new consumers in line with the Standards of Performance which the licensees have to adhere to. Hence, there would be an increase in O&M expenditure to support full-fledged distribution business operations.

The operation & maintenance expenses have been arrived in accordance with the Regulation 89.6 of The NERC (Multi Year Tariff) Regulations, 2016. Details of Employee Expenses, Administration & General Expenses and Repair & Maintenance Expenses are discussed in the subsequent paras.

7.15.1 Employee Cost

The expense head of employee cost consists of salary and allowance, bonus, Leave Travel Concession (LTC) & Honorarium etc. The DPN has projected the

employee cost in accordance with the Regulation 89.6 of The NERC (Multi Year Tariff) Regulations, 2016 at Rs. 191.37 Cr. for the FY 2024-25. The employee expenses as projected by DPN and approved by the Commission are provided in the table below.

Table 7.18: Employee Cost projected by DPN (Rs. Cr.)

Particulars	Approved in MYT.O. dated 20th March 2020	Projected	Approved by the Commission
Employee Expense	159.18	191.37	191.37

Commission's Analysis and Approval:

The Petitioner furnished the employee expenses at Rs. 191.37 Cr. for the FY 2024-25. Further, the Commission directs DPN to furnish the details of Employee Cost at the time of Review & True-up.

Now, The Commission provisionally approves Employee Expenses at Rs. 191.37 Cr. as projected by DPN for the FY 2024-25.

7.15.2 Administrative and General Expenses

A&G expenses comprise of the following broad subheads of expenditure, viz.

- Domestic Travelling Expenses
- Office Expenses
- Legal, Regulatory & Consultancy Fees
- Insurance etc.

The DPN has projected the A&G expenses in accordance with the Regulation 89.6 of The NERC (Multi Year Tariff) Regulations, 2016 at Rs. 3.81 Cr. for the FY 2024-25. The A&G expenses as projected by DPN and approved by the Commission are provided in the table below.

Table 7.19: Administrative and General Expenses projected by DPN (Rs. Cr.)

Particulars	Approved in MYT.O. dated 20th March 2020	Projected	Approved by the Commission
A & G Expenses	4.58	3.81	3.81

Commission’s Analysis:

The Petitioner furnished A&G Expenses at Rs. 3.81 Cr. for the FY 2024-25. Further, the Commission directs DPN to furnish the details of A&G Expenses at the time of Review & True-up.

Accordingly, the Commission approves A&G Expenses at Rs. 3.81 Cr. for the FY 2024-25 as projected by DPN.

7.15.3 Repair and Maintenance Expenses

DPN has been undertaking various Repair and Maintenance activities as a step towards improvement of systems, reduction in breakdowns, reduction in response time and increasing preventive maintenance.

The DPN has projected the R&M expenses in accordance with the Regulation 89.6 of The NERC (Multi Year Tariff) Regulations, 2016 at Rs. 19.38 Cr. for the FY 2024-25. The R&M expenses as projected by DPN and approved by the Commission are provided in the table below.

Table 7.20: Repair and Maintenance Expenses projected by DPN (Rs. Cr.)

Particulars	Approved in MYT.O. dated 20th March 2020	Projected	Approved by the Commission
R&M Expense	41.94	19.38	19.38

Commission’s Analysis:

The Petitioner furnished the Repair & Maintenance Expenses at Rs. 19.38 Cr. for the FY 2024-25. Further, the Commission directs DPN to furnish the details of R&M Expenses at the time of Review & True-up.

Accordingly, the Commission approves Repair & Maintenance Expenses at Rs. 19.38 Cr. as projected by DPN for the FY 2024-25.

7.15.4 Summary of O&M Expenditure approved by the Commission

The summary of O&M Expenditure approved by the Commission in the MYT Order dated 20.03.2020, projected by the DPN and now approved by the Commission for the FY 2024-25 are tabulated below:

Table 7.21: Operation & Maintenance Expenditure approved by Commission (Rs. Cr.)

Particulars	Approved in MYT.O. dated 20th March 2020	Projected	Approved by the Commission
Employee Expense	159.18	191.37	191.37
R&M Expense	41.94	19.38	19.38
A&G Expense	4.58	3.81	3.81
Total O&M Expenses	205.70	214.56	214.56

7.16 Capital Expenditure & Capitalization

The DPN estimated Capital Expenditure of Rs. 100 Cr. for the FY 2024-25. However, the Petitioner has not submitted project wise details regarding CWIP and Capitalization for the FY 2024-25. In absence of details, the Commission has not carried out prudence check of the same. However, the Commission provisionally approves the capital expenditure of Rs. 100 Cr. for the FY 2024-25 to ensure consumer satisfaction and reduction in T&D losses by improving the system.

Further, the Commission directs DPN to submit project wise details of capital expenditure incurred and projects Capitalized in True-up Petition for the respective year.

With this observation the capitalization of Rs. 100.00 Cr. during the FY 2024-25 is approved.

7.17 Gross Fixed Assets (GFA) and Depreciation

DPN has projected the Gross Fixed Asset in accordance with the Regulation 23 of The NERC (Multi Year Tariff) Regulations, 2016.

The DPN has submitted that the assets of the utility have been segregated on the basis of their functions i.e, Generation, Transmission & Distribution. The assets and corresponding depreciation as projected by DPN is detailed in table below:

Table 7.22: Depreciation projected by DPN (Rs. Cr.)

Particulars	Approved in MYT.O. dated 20th March 2020	Projected
Opening GFA	3,528.59	1,845.28
Asset Capitalized	100.00	100.00
Closing GFA	3,628.59	1,945.28

Particulars	Approved in MYT.O. dated 20 th March 2020	Projected
Average GFA	3,578.59	1,895.28
Weighted Average Rate of Depreciation	-	4.48%
Depreciation	156.00	84.99

Commissions Analysis:

The Commission at this stage considered the depreciation as claimed by the DPN for the FY 2024-25. Further, the Commission directs DPN to furnish the audited Fixed Asset Register as on 31.03.2024 along with next filing of petition.

7.18 Interest and Finance Charges

Regulation 27 of The NERC (Multi Year Tariff) Regulations, 2016 provides the methodology for calculation of the Interest & Finance Charges. It provides that 30% of the capital employed shall be considered as equity and balance 70% is to be considered as loan. Repayment of the normative loan during the FY 2023-24 has been considered equivalent to the depreciation in line with the MYT Regulations.

The DPN has been submitted that the entire capital employed has been funded through infusion of funds by Government of Nagaland through budgetary support without any external borrowings on part of the DPN. Therefore, the DPN has not considered interest on loan for the FY 2024-25.

Commission's Analysis:

The DPN has stated that the entire capital employed has been funded through infusion of funds by Government of Nagaland through budgetary support without any external borrowings. As such, the Commission has not considered interest on loan for the FY 2024-25.

7.19 Interest on Working Capital

The Commission vide Tariff Order dated 20.03.2020 has approved Interest on Working Capital of Rs. 13.23 Cr. for the FY 2024-25.

The DPN has been submitted that the entire operating expenses of the Department is provided by the Government of Nagaland without any external borrowings toward working capital. Hence, the DPN does not have any working capital loan. Therefore, the DPN has not claimed interest on Working Capital for the FY 2024-25.

Commission's Analysis:

As per the Regulations, for the purpose of computation of normative working capital and Interest on working capital, the components of working capital are as follows:

- a) Operation and maintenance expenses for one month; plus
- b) Maintenance spares at one (1) per cent of the historical cost escalated at 6% from the date of commercial operation; plus
- c) Receivables equivalent to one (1) month of the expected revenue from sale of electricity at the prevailing tariffs; minus
- d) Amount held as security deposits under clause (a) and clause (b) of sub-section (1) of Section 47 of the Act from consumers except the security deposits held in the form of Bank Guarantees;

Interest is required to be calculated at a rate equal to the State Bank Advance Rate (SBAR) as on 1st April of the financial year in which the Petition is filed.

Interest on working capital has been calculated accordingly as detailed in the table below:

The DPN has been submitted that the entire operating expenses of the Department is provided by the Government of Nagaland without any external borrowings toward working capital. Hence, The DPN does not have any working capital loan.

Therefore, the Commission has not considered any Interest on Working Capital for the FY 2024-25.

7.20 Bad Debts

Regulation 89.8 of The NERC (Multi Year Tariff) Regulations, 2016 provides that bad debts written off may be allowed as a pass through in the ARR.

The DPN submitted in their Tariff Petition for the FY 2024-25 as follows:

"DPN proposes to claim the Bad debt after the Annual Accounts for the year are finalised and audited. Hence, the same shall be claimed at the time of True-up for the FY 2024-25. Hon'ble Commission may allow the same."

In view of the above the Commission has not allowed Bad Debts for the FY 2024-25.

7.21 Return on Equity

Regulation 26 of The NERC (Multi Year Tariff) Regulations, 2016 read with Regulation 22 provides the methodology for calculation of the Return on Equity. It provides that 30% of the capital employed shall be considered as equity and balance 70% is to be considered as loan.

The DPN has submitted that being a Government Department, the entire capital employed till date has been funded through fund infusion by the Government in form of budgetary support which are generally in the nature of grants and aids through financial institutions under various schemes like APDRP, RGGVY etc.

Therefore, the Commission has not considered any return on equity for the FY 2024-25.

7.22 Non-Tariff Income

Regulation 90 of The NERC (Multi Year Tariff) Regulations, 2016 provides that the Non-Tariff Income shall be deducted from the ARR in calculating the Tariff. The Non-Tariff income includes revenue from Meter Rent, Meter Testing Charge, Disconnection/Reconnection Charge and Other Departmental Charges.

The Non-Tariff income for the FY 2024-25 has been projected at Rs. 16.10 Cr. as approved by the Commission in the MYT Order dated 20th March, 2020. The Non-Tariff Income projected by the department and approved by the Commission for the FY 2024-25 are provided in table below:

Table 7.23: Non-Tariff Income projected by DPN (Rs. Cr.)

Sl. No.	Particulars	Approved in Tariff Order dated 20.03.2020	Projected	Now approved by the Commission
A	Non-Tariff Income	16.10	16.10	16.10

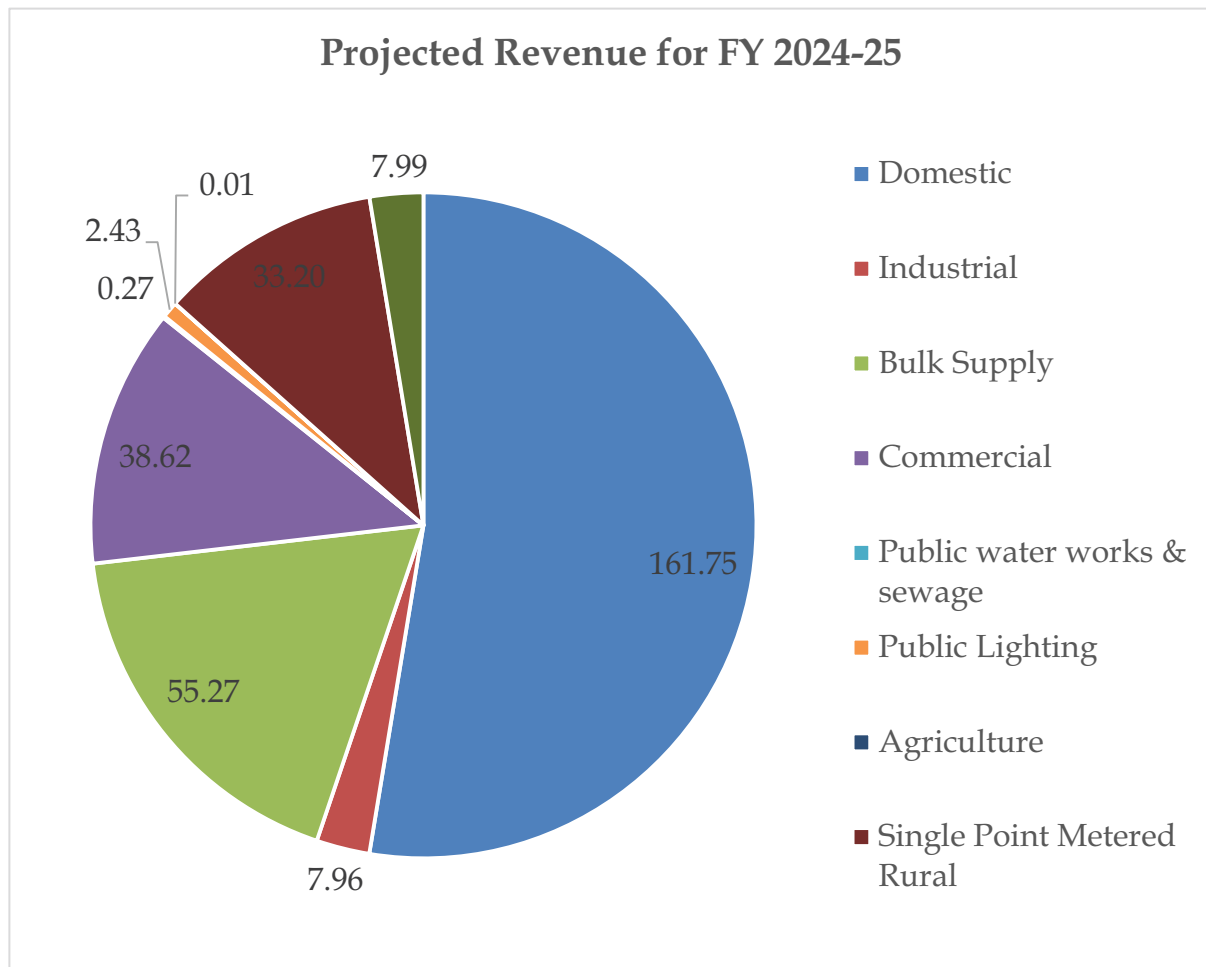
Accordingly, the Commission approves the Non-Tariff Income at Rs. 16.10 Cr. for the FY 2024-25 as projected by DPN.

7.23 Revenue from Existing Tariff

The DPN has projected revenue from sale of energy with existing tariff at Rs. 401.12 Cr. Including outside state sale of Rs. 93.62 Cr. for the FY 2024-25.

Commissions Analysis:

Category wise revenue projected by DPN for the FY 2024-25 is provided in the chart below:



It is observed that the revenue from domestic category contributes about 52.60%, Hence, impact of change in tariff on the revenue is mostly dependent on these categories. However, Commercial, Industrial & Bulk category also has significant consumption. With the approved sales of 471.21 MUs within the state for the FY 2024-25, the revenue approved at the existing Tariff is detailed in table below:

Table 7.24: Revenue from Existing Tariff approved by the Commission for FY 2024-25

Sl. No.	Category / Slab of Consumers	Projected	Approved Energy Sales (MUs)	Average Rate (Rs./Kwh)	Approved Revenue by the Commission (Rs. Cr.)
A	Domestic	161.75	255.07	6.01	153.17
B	Industrial	7.96	11.33	6.85	7.75
C	Bulk Supply	55.27	76.03	6.90	52.46
D	Commercial	38.62	50.07	7.71	38.62
E	Public water works & sewage	0.27	0.37	7.45	0.27
F	Public Lighting	2.43	1.13	21.48	2.43
H	Agriculture	0.01	0.04	3.35	0.01
I	Single Point Metered Rural	33.20	62.64	5.30	33.20
J	Single Point Metered Urban	7.99	14.52	5.50	7.99
K	Total - within the state	307.50	471.21	6.28	295.91
L	Outside state sale	93.62	260.43	8.80	229.09
M	Total Sale	401.12	731.64	7.18	525.00

Accordingly, the Commission approves the revenue from the existing tariff at Rs. 295.91 Cr. from sale of 471.21 MUs within the State at an average rate of Rs. 6.28/kWh.

7.24 Aggregate Revenue Requirement (ARR)

Commission has analyzed various items of expenditure as discussed earlier and approves the expenses and net ARR as shown in the table below.

Table 7.25: Aggregate Revenue Requirement approved by the Commission (Rs.Cr.)

Sl. No.	Particulars	Approved in MYT.O. dated 20th March 2020		Projected		Approved by the Commission for the FY 2024-25	
1	Cost of power purchase	469.76	-	474.13	-	470.08	-
2	Transmission charges	52.14	-	112.11	-	112.11	-
3	Total cost of power purchase (1+2)	-	521.90	-	586.24	-	582.19
4	Cost of Generation	-	21.42	-	16.13	-	16.13

Sl. No.	Particulars	Approved in MYT.O. dated 20th March 2020		Projected		Approved by the Commission for the FY 2024-25	
5	Employee Expenses	159.18	-	191.37	-	191.37	-
6	Repair & Maintenance Expenses	41.94	-	19.38	-	19.38	-
7	Administration & General Expenses	4.58	-	3.81	-	3.81	-
8	Total O & M Expenses (5+6+7)	-	205.70	-	214.56	-	214.56
9	Interest and finance charges	-	-	-	-	-	-
10	Depreciation	-	156.00	-	84.99	-	84.99
11	Interest on working capital	-	13.23	-	-	-	-
12	Return on Equity	-	-	-	-	-	-
13	Total Revenue Requirement (3+4+8+9+10+11+12)	-	918.25	-	901.92	-	897.87
14	Less: Non-Tariff Income	-	16.10	-	16.10	-	16.10
15	Less: Surplus of FY 2022-23						14.59
16	Net Revenue Requirement (13-14)	-	902.15	-	885.82	-	867.18

The Commission approves the Net Revenue Requirement of Rs. 867.18 Cr. for the FY 2024-25.

7.25 Revenue Gap

DPN submitted that the Government of Nagaland provides revenue grant towards Employee expenses, Repair & Maintenance (R&M) and Administrative & General Expenses (A&G). The above revenue grant may be considered as revenue and include for calculation of Net Gap for the year.

The Commission has analysed the submission of the DPN and is of the view that the National tariff Policy emphasis on reduction of the Cross Subsidy. Further, reduction of Gap between ACS & ARR has also been mandated. The non-consideration of revenue grant as part of revenue shall result in inflated revenue gap. Further, the revenue grant provided by the Government of Nagaland should be passed on to the consumers. Accordingly, the estimated revenue grant of Rs. 214.56 Cr. for the FY 2024-25 has been considered as a part of revenue.

Based on the approved Aggregate Revenue Requirement and revenue from existing tariffs at approved sales for the FY 2024-25, the resultant GAP is as shown in the table below.

Table 7.26: Revenue at Existing Tariff and Gap (Rs. Cr.)

S. No.	Particulars	FY 2024-25	Approved for the FY 2024-25
1	Net Revenue Requirement	885.82	867.18
2	Revenue from sale of energy at Existing Tariff	401.12	525.00
3	Revenue Subsidy- Govt. of Nagaland	214.56	214.56
4	Revenue Surplus/(Gap) for the Year (2+3-1)	(270.14)	(127.62)

7.26 Recovery of Revenue Gap for the FY 2024-25

As seen from para 7.25 above there is a revenue gap of Rs. 127.62 Cr. which is about 14.72% of net ARR for the FY 2024-25.

In this Petition the DPN has submitted as below:

“There is substantial gap between cost of supply and average revenue. DPN does not propose to recover the entire Gap in cost of supply & average revenue as these may result in huge burden on the consumers. Tariff is a sensitive subject having substantial impact on social, economic and financial well-being of the public at large as well as the viability and growth of power sector. Recovery of entire Gap through tariff increase is not practicable as this would make power unaffordable to the general consumers. DPN being a Government Department funded by budgetary support from State Government, it proposes to absorb the unrecovered gap.

In view of the above, the tariff proposal for FY 2024-25 for individual categories is given below along with the comparison of existing and proposed energy charges. The table below presents the existing and proposed tariff for various categories.”

However, DPN proposed an average increase in tariff by Rs. 0.26/Kwh to bridge the gap partially.

The Commission considers it appropriate to revise the tariffs without giving much tariff shock to consumers to bridge the gap partially. Owing to revision of tariffs, the DPN is expected to get additional revenue of Rs. 14.87 Cr. as detailed in table below:

Table 7.27: Revenue from revised Tariff for FY 2024-25 approved by the Commission

Sl. No.	Category / Slab of Consumers	Projected (Rs. Cr.)	Approved Energy Sales (MUs)	Average Rate (Rs./Kwh)	Approved for the FY 2024-25 (Rs. Cr.)
A	Domestic	169.86	255.07	6.31	160.85
B	Industrial	8.35	11.33	7.18	8.13
C	Bulk Supply	58.07	76.03	7.25	55.12
D	Commercial	40.45	50.07	8.08	40.45
E	Public water works & sewage	0.29	0.37	7.80	0.29
F	Public Lighting	2.43	1.13	21.48	2.43
G	Agriculture	0.02	0.04	3.50	0.02
H	Single Point Metered Rural	35.08	62.64	5.60	35.08
I	Single Point Metered Urban	8.42	14.52	5.80	8.42
K	Total within the State	322.96	471.21	6.60	310.78
L	Outside state sale	93.62	260.43	8.80	229.09
M	Total Sale	416.58	731.64	7.38	539.87

With the revision of tariff, the DPN will generate additional revenue of Rs. 14.87 Cr. Thereby, the revenue gap is revised to Rs. 112.75 Cr. (i.e. Rs. 127.62 Cr. - Rs. 14.87 Cr.), which the DPN shall meet from the Additional Revenue Subsidy from the Government and by improving internal efficiency.

The Commission, accordingly, approves revenue from revised tariffs at Rs. 539.87 Cr. with the energy sales of 731.64 MUs. In view of the approved tariff hike and consideration of additional revenue subsidy from the Government, the revenue gap is approved as NIL for the FY 2024-25.

7.27 Government Subsidy

As seen from the above it is clear that the revenue from sale of power & revenue subsidy is not sufficient to meet the expenditure of DPN. As a result of this the DPN shall continue to depend upon the additional subsidy from Government of Nagaland. Accordingly, Rs. 112.75 Cr. shall be met from additional Government subsidy.

The Licensee, in their submitted Tariff Petition, had proposed a tariff hike of 2.51% over the prevailing tariffs of FY 2023-24 resulting in a revenue gap

amounting to Rs. 254.69 Cr. which needs to be funded through additional revenue subsidy from the Government of Nagaland.

Further, any additional gap on account of difference in the Full Cost Tariff & Approved/Subsidised Tariff is also required to be funded through revenue subsidy by the Government. In order to achieve the objective of year-on-year tariffs progressively to reflect the cost of electricity supply, the grant of subsidy shall have to be reduced every year in decrementing fashion and ultimately make the power utility to manage without Government subsidy support.

The Section 65 of the Electricity Act, 2003 mandates that the State Government shall release subsidy amount due to the Licensee in advance so as to enable the licensee to implement the subsidized tariffs to their consumers as per subsidised Tariff rates (Detailed Revenue calculation of subsidised Tariff is given at Annexure-I). The State Government should release the above stated subsidy amount in Twelve (12) equal monthly instalments amounting to Rs. 9.40 Cr. (Rupees Nine Crores & Forty Lacs only) every month in advance as enshrined in Section 65 of Electricity Act, 2003. However, in the event of delay or non-receipt of subsidy in advance in any month from the Government, the licensee shall adopt the applicable full cost tariff (FCT) rates indicated below while issuing the monthly energy bill for that relevant month/months. Detailed calculation of FCT is placed at Annexure-II for reference. A brief summary is tabulated below for reference.

Table 7.28: Full Cost Tariff based Expected Revenue for FY 2024-25

S. No.	Category / Slab of Consumers	Approved Energy Sales (MUs)	Average Rate (Rs./Kwh)	Approved for the FY 2024-25 (Rs. Cr.)
A	Domestic	255.07	13.54	345.44
B	Industrial	11.33	13.54	15.33
C	Bulk Supply	76.03	13.54	102.94
D	Commercial	50.07	13.54	67.80
E	Public water works & sewage	0.37	13.54	0.50
F	Public Lighting	1.13	13.54	1.53
G	Agriculture	0.04	13.54	0.06
H	Single Point Metered Rural	62.64	13.54	84.82
I	Single Point Metered Urban	14.52	13.54	19.67
K	Total within the State	471.21	13.54	638.09

There could be a situation, where the outstanding monthly subsidy pending was released by the Government after passage of much time elapse and thereby consumers were to be billed at full cost tariffs in those relevant month or months when subsidy was not paid in advance. Given the situation, the entire excess amount so charged to all consumers on account of full cost tariff adoption shall have to be refunded as deduction by treating such excess amount laying with Licensee as an advance payment to the licensee to be settled at one time in the immediate monthly billing cycle where bills are being issued to respective consumers soon after receipt of such pending subsidy relating to the past month/months. If in case, the excess amount so refundable is exceeding the monthly billing amount to be so adjusted in case of any consumer/consumers, then such excess amount unrefunded may be carried forward and be adjusted in the immediately following monthly bill/bills to be issued to such consumer/consumers until full settlement is done in toto.

Lastly, the brief summary of the Commission's calculations in support of subsidy amount deduced, the average of supply and the average revenue realization details are tabulated in the following table.

Table 7.29: Average Cost of Electricity Supply within Nagaland for FY 2024-25

Sl. No.	Particulars	Proposed by DPN	Approved by Commission
1	Net Revenue Requirement	885.82	867.18
2	Revenue from Retail Sales at proposed Tariff	322.96	310.78
3	Revenue from Sale of Power-Exchange	93.62	229.09
4	Revenue Subsidy - Govt. of Nagaland	214.56	214.56
5	Net Gap (1-2-3-4)	254.69	112.75
6	Govt. Subsidy/Support	254.69	112.75
7	Energy Sales within the state (In MUs)	489.87	471.21
8	Average cost (In Rs./kWh)	16.17	13.54
9	Average revenue realisation (In Rs./kWh)	6.59	6.60
10	Average rate of subsidy (In Rs./kWh)	9.58	6.95

8. TARIFF PRINCIPLES AND DESIGN

8.1 Background

- (a) The Commission in determining the revenue requirement of DPN for the FY 2024-25 and the retail tariff for the FY 2024-25 has been guided by the provisions of the Electricity Act, 2003, the National Tariff Policy (NTP), Regulations on Terms and Conditions of Tariff issued by the Central Electricity Regulatory Commission (CERC) and Regulations on Terms and Conditions of Tariff notified by the NERC. Section 61 of the Act lays down the broad principles, which shall guide determination of retail tariff. As per these principles the tariff should “Progressively reflect cost of supply” and also reduce cross subsidies “within the period to be specified by the Commission”. The Act lays special emphasis on safeguarding consumer interests and also requires that the costs should be recovered in a reasonable manner. The Act mandates that tariff determination should be guided by the factors, which encourage competition, efficiency, economical use of resources, good performance and optimum investment.

The NTP notified by Government of India provides comprehensive guidelines for determination of tariff as also working out the revenue requirement of power utilities. The Commission has endeavored to follow these guidelines as far as possible.

- (b) The mandate of the NTP on cross subsidy is that tariff should be within plus / minus 20% of the average cost of supply. This could not be achieved due to high cost of power, low paying capacity of the consumers and lack of industrialization. The DPN has not furnished the voltage-wise cost of supply. A directive has been issued in this order to build up data to arrive at cost of supply at various voltage levels etc. Hence, in working out the cost of supply, the Commission has gone on the basis of average cost of supply in the absence of relevant data for working out consumer category wise cost of supply. However, in this tariff order an element of performance target has been indicated by maintaining the set target for T&D loss reduction. This guides the DPN for better performance by reduction of loss level, which will result in substantial reduction in average cost of supply.
- (c) Section 8.3 of National Tariff Policy lays down the following principles for tariff design:

- (i) In accordance with the National Electricity Policy, consumers below poverty line who consume below a specified level, say 30 units per Month, may receive a special support through cross subsidy. Tariffs for such designated group of consumers will be at least 50% of the average cost of supply. This provision will be re-examined after five years.
- (ii) For achieving the objective that the tariff progressively reflects the cost of supply of electricity, the SERC would notify the roadmap, with a target that tariffs are within $\pm 20\%$ of the average cost of supply. The road map would have intermediate milestones, based on the approach of a gradual reduction in cross subsidy.
- (iii) For example, if the average cost of service is Rs. 3.00 per unit, at the end of year 2010-11 the tariff for the cross subsidized categories excluding those referred to in para-1 above should not be lower than Rs. 2.40 per unit and that for any of the cross subsidizing categories should not go beyond Rs. 3.60 per unit.
- (iv) While fixing tariff for agricultural use, the imperatives of the need of using ground water resources in a sustainable manner would also need to be kept in mind in addition to the average cost of supply. The tariff for agricultural use may be set at different levels for different parts of the State depending on the condition of the ground water table to prevent excessive depletion of ground water.”
- (v) NERC MYT Regulations, 2016 specifies that
 - a. The cross subsidy for a consumer category means the difference between the average per unit rate based on tariff schedule of the Commission for that Category and the combine average cost of supply per unit expressed in percentage terms as a portion of the combined average cost of supply.
 - b. In the first phase, the Commission shall determine the tariff, so that it progressively reflects the combined average cost of supply of electricity and also reduce cross-subsidies within a reasonable period. In the second phase, the Commission shall consider moving towards category wise cost of supply as a basis for determination of tariff.
 - (d) NEP aims at increased access to electricity, supply of reliable and quality power at reasonable rates, minimum lifeline consumption,

financial turnaround of consumer interest. The Commission has considered factors as far as possible which aim at achieving the objectives of NEP while determining the revenue requirement of the DPN and designing the retail tariff for its consumers. It has also aimed to raise the per capita consumption of the State from the existing level. The Commission endeavors that the tariff progressively reflects cost of supply in a shortest period and the government subsidy is reduced gradually. The Tariff has been rationalized with regards to inflation, paying capacity and avoid Tariff shock.

8.2 Tariff Proposed by the DPN and approved by the Commission

8.2.1 Tariff Categories

In the ARR and Tariff Petition of DPN for the FY 2024-25 has not proposed any changes in the existing categories of consumers and tariff structure.

The Commission considers retaining the existing categories as stated below:

- 1 Category 'A' Domestic
- 2 Category 'B' Industrial
- 3 Category 'C' Bulk
- 4 Category 'D' Commercial
- 5 Category 'E' PWW
- 6 Category 'F' Public Light
- 7 Category 'G' Agriculture
- 8 Category 'H' Temporary Connection
- 9 Category 'I' Inter-state
- 10 Kuti Jyoti (Point)
- 11 Single Point Metered Rural
- 12 Single Point Metered Urban

8.2.2 Existing & Proposed Tariff

DPN in its tariff petition for the FY 2024-25 has proposed for revision of the existing retail tariffs to various categories of consumers to earn additional revenue of Rs. 15.46 Cr. to meet the gap partially as shown below:

The DPN has proposed tariff revision with an average increase of 2.51% from the existing tariff. In this Tariff proposal only partial recovery of cost is proposed. The summary of the tariff proposal by DPN for the FY 2024-25 is tabulated below:

Table 8.1: Existing Tariff v/s Proposed Tariff for FY 2024-25

Sl No.	CATEGORY	Existing Rate Rs./kwh	Proposed Rate Rs./kwh	
1	2	3	4	
A	CATEGORY 'A' DOMESTIC			
	1	(a) 0 to 30 kwh	5.35	5.60
		(b) 31 to 100 kwh	5.80	6.10
		(c) 101 to 250 kwh	6.50	6.80
		(d) > 250 kwh	7.10	7.45
	CATEGORY 'B' INDUSTRIAL			
	2	(a) < 500 kwh	6.50	6.80
		(b) 501 to 5000 kwh	7.00	7.35
		(c) > 5000 kwh	7.50	7.85
	3	CATEGORY 'C' BULK	6.90	7.25
	CATEGORY 'D' COMMERCIAL			
	4	(a) < 60 kwh	7.40	7.75
		(b) 61 to 240 kwh	8.60	9.00
		(c) > 240 kwh	9.00	9.40
	5	CATEGORY 'E' P.W.W.	7.45	7.80
	6	CATEGORY 'F' Public Light	To be recovered from consumers *	To be recovered from consumers *
	7	CATEGORY 'G' INTERSTATE	6.30	6.60

Sl No.	CATEGORY	Existing Rate Rs./kwh	Proposed Rate Rs./kwh
8	CATEGORY 'H' AGRICULTURE	3.35	3.50
9	CATEGORY 'I' TEMPORARY CONNECTION	DLF Rs.11.00 Others Rs.14.00	DLF Rs.11.50 Others Rs. 14.70
10	Kutir Jyoti(point)	Same as DLF	Same as DLF
11	SINGLE POINT METERED RURAL	5.30	5.60
12	SINGLE POINT METERED URBAN	5.50	5.80
*	Charges for public lighting have to be recovered from the Consumers of Domestic, Commercial, Industrial and Bulk categories at the rates shown below:		
	Domestic	Rs. 10 per connection / month	Rs. 10 per connection / month
	Commercial	Rs. 15 per connection / month	Rs. 15 per connection / month
	Industrial	Rs. 20 per connection / month	Rs. 20 per connection / month
	Bulk Supply	Rs. 25 per connection / month	Rs. 25 per connection / month

Table 8.2: Other Charges proposed by DPN for FY 2024-25

Sl. No.	Category	Proposed Rate
B	OTHER CHARGES	
(a)	Disconnection charges	Rs.
	i. Single phase L.T.	150/connection
	ii. Three phase L.T.	250/connection
	iii. H.T. consumers (11KV above)	1500/connection
(b)	Reconnection charges	
	i. Single phase L.T.	150/connection
	ii. Three phase L.T.	250/connection
	iii. H.T. consumers (11KV above)	1500/connection
C	METER RENT	Rs. per meter/month

Sl. No.	Category	Proposed Rate
	i. Single phase L.T.	20.00
	ii. Three phase L.T. (whole current)	50.00
	iii. Three phase L.T. (CT operated)	100.00
	iv. 11 kv H.T.	500.00
	v. 33 kv H.T.	750.00
	vi. 66 kv EHV	900.00
	vii. 132 kv EHV	1000.00
D	METER TESTING CHARGES	Rs. per meter per test
	i. Single phase L.T.	100.00
	ii. Three phase L.T.	300.00
	iii. Three phase L.T. (11 KV above)	1,000.00
E	SECURITY DEPOSIT	Rs. per connection
	i. Single phase L.T.	250.00
	ii. Three phase L.T.	750.00
	iii. Three phase L.T. (11 KV above)	3,000.00
F	SURCHARGES (DELAYED PAYMENT)	Re.0.10/kwh pm or part thereof
G	BILLING PERIODICALLY	Monthly
H	CHARGES OF POLES USAGE FOR ADVERTISEMENT	Rupees
	1 Charges for application and agreement forms	100.00
	2 Charges towards dismantling of hoardings/banners	300.00
	3 The pole rental charges for advertisements: -	Rs./per month
	a. Category I-Commercial area (Max size 3'x2')	100.00
	b. Category II-Residential area (Max size 3'x2')	60.00
	c. Category III-National Highway (Max size 3'x2') (Outside the city/town limit)	40.00

Commissions analysis:

The Commission after detailed analysis and prudent scrutiny of the aggregate revenue requirement filed by the DPN, has arrived at a more realistic revenue requirement.

8.2.3 Tariff approved by the Commission

(a) Subsidized Tariff approved for FY 2024-25

Having considered the petition of DPN for approval of Annual Revenue Requirement (ARR) and determination of Retail Tariff for supply of energy and having approved the Annual Revenue Requirement (ARR) with a gap of Rs. 112.75 Cr., the Commission considers to revise the tariff under Telescopic billing as detailed below:

Table 8.3: Tariff approved by the Commission for FY 2024-25

Sl No.	CATEGORY	Existing Rate Rs./kwh	Proposed Rate Rs./kwh	Approved Rate Rs./kwh	
1	2	3	4	5	
A	CATEGORY 'A' DOMESTIC				
	1	(a) 0 to 30 kwh	5.35	5.60	5.60
		(b) 31 to 100 kwh	5.80	6.10	6.10
		(c) 101 to 250 kwh	6.50	6.80	6.80
		(d) > 250 kwh	7.10	7.45	7.45
	Monthly minimum charges - Rural 150.00 pm/kw of contract demand or part thereof Monthly minimum charges - Urban 200.00 pm/kw of contract demand or part thereof				
	CATEGORY 'B' INDUSTRIAL				
	2	(a) < 500 kwh	6.50	6.80	6.80
		(b) 501 to 5000 kwh	7.00	7.35	7.35
		(c) > 5000 kwh	7.50	7.85	7.85
	Monthly minimum charges 200.00 pm/kv of contract demand or part thereof				
	3	CATEGORY 'C' BULK	6.90	7.25	7.25
	Monthly minimum charges 200.00 pm/kva of contract demand or part thereof				
	CATEGORY 'D' COMMERCIAL				
	4	(a) < 60 kwh	7.40	7.75	7.75
		(b) 61 to 240 kwh	8.60	9.00	9.00
		(c) > 240 kwh	9.00	9.40	9.40
	Monthly minimum charges 200.00 pm/kw of contract demand or part thereof				
	5	CATEGORY 'E' P.W.W.	7.45	7.80	7.80
	Monthly minimum charges 100.00 pm/kva or part thereof				
6	CATEGORY 'F' Public Light	To be recovered from consumers *	To be recovered from consumers *	To be recovered from consumers *	
7	CATEGORY 'G' INTERSTATE	6.30	6.60	6.60	
8	CATEGORY 'H' AGRICULTURE	3.35	3.50	3.50	
Monthly minimum charges 75.00 pm/HP or part thereof					

Sl No.	CATEGORY	Existing Rate Rs./kwh	Proposed Rate Rs./kwh	Approved Rate Rs./kwh
9	CATEGORY 'I' TEMPORARY CONNECTION	DLF Rs.11.00 Others Rs.14.00	DLF Rs.11.50 Others Rs. 14.70	DLF Rs.11.50 Others Rs. 14.70
10	Kutir Jyoti(point)	Same as DLF	Same as DLF	Same as DLF
11	SINGLE POINT METERED RURAL	5.30	5.60	5.60
12	SINGLE POINT METERED URBAN	5.50	5.80	5.80
*	Charges for public lighting have to be recovered from the Consumers of Domestic, Commercial, Industrial and Bulk categories at the rates shown below:			
	Domestic	Rs. 10 per connection / month	Rs. 10 per connection / month	Rs. 10 per connection / month
	Commercial	Rs. 15 per connection / month	Rs. 15 per connection / month	Rs. 15 per connection / month
	Industrial	Rs. 20 per connection / month	Rs. 20 per connection / month	Rs. 20 per connection / month
	Bulk Supply	Rs. 25 per connection / month	Rs. 25 per connection / month	Rs. 25 per connection / month

The above table depicts fixed and energy charge only. However, Tariff Charges with detailed description are given in the Tariff Schedule chapter of this Order.

(b) Full Cost Tariff (FCT) approved for FY 2024-25

With the approved ARR for FY 2024-25, the Commission has worked out the average cost of supply at the rate of Rs. 13.54/kWh. In the event of non-receipt of subsidy in advance in any respective month from the State Government, the Commission considers to indicate the Full Cost Tariff (FCT) for charging the consumer during such month/ months as tabulated below:

Table 8.4: Full Cost Tariff approved by the Commission for FY 2024-25

Sl. No.	Category	Energy Charges (Rs./kWh)
1	Category 'A' Domestic	
a)	Up to 30 kwh	11.10
b)	31 to 100 kwh	13.90
c)	101-250 kwh	14.10
d)	Above 250 kwh	14.45
2	Category 'B' Industrial	
a)	Up to 500 kwh	13.10
b)	501 to 5000 kwh	13.70
c)	Above 5000 kwh	14.10
3	Category 'C' Bulk	13.54
4	Category 'D' Commercial	
a)	Up to 60 kwh	13.45
b)	61 to 240 kwh	14.00
c)	Above 240 kwh	14.40
5	Category 'E' PWW	13.54
6	Category 'F' Public Light	
7	Category 'G' Agriculture	13.54
8	Single Point Metered Rural	13.54
9	Single Point Metered Urban	13.54

The above table depicts fixed and energy charge only. However, Tariff Charges with detailed description are given in the Tariff Schedule chapter of this Order.

Table 8.5: Other Charges approved by the Commission for FY 2024-25

Sl. No.	Category	Approved Rate
B	OTHER CHARGES	
(a)	Disconnection charges	Rs.
	i. Single phase L.T.	150/connection
	ii. Three phase L.T.	250/connection
	iii. H.T. consumers (11KV above)	1500/connection
(b)	Reconnection charges	
	i. Single phase L.T.	150/connection
	ii. Three phase L.T.	250/connection
	iii. H.T. consumers (11KV above)	1500/connection
C	METER RENT	Rs. per meter/month
i.	Single phase L.T.	20.00
ii.	Three phase L.T. (whole current)	50.00
iii.	Three phase L.T. (CT operated)	100.00

Sl. No.	Category	Approved Rate
	iv. 11 kv H.T.	500.00
	v. 33 kv H.T.	750.00
	vi. 66 kv EHV	900.00
	vii. 132 kv EHV	1000.00
D	METER TESTING CHARGES	Rs. per meter per test
	i. Single phase L.T.	100.00
	ii. Three phase L.T.	300.00
	iii. Three phase L.T. (11 KV above)	1,000.00
E	SECURITY DEPOSIT	Rs. per connection
	i. Single phase L.T.	250.00
	ii. Three phase L.T.	750.00
	iii. Three phase L.T. (11 KV above)	3,000.00
F	SURCHARGES (DELAYED PAYMENT)	Re.0.10/kwh pm or part thereof
G	BILLING PERIODICALLY	Monthly
H	CHARGES OF POLES USAGE FOR ADVERTISEMENT	Rupees
	1 Charges for application and agreement forms	100.00
	2 Charges towards dismantling of hoardings/banners	300.00
	3 The pole rental charges for advertisements: -	Rs./per month
	a. Category I-Commercial area (Max size 3'x2')	100.00
	b. Category II-Residential area (Max size 3'x2')	60.00
	c. Category III-National Highway (Max size 3'x2') (Outside the city/town limit)	40.00

Details are given in tariff schedule in the Appendix.

8.2.4 Tariff for prepaid metered consumers approved by the Commission

The DPN has introduced prepaid metering as pilot scheme for selected subdivisions. The scheme has improved the billing & collection efficiency of the billing function. In order encourage consumers to opt for the prepaid metering system, department proposes separate Tariff Schedule for the prepaid metered consumers. Under prepaid category, Consumers also pay 100% upfront in advance. The tariff for prepaid is therefore proposed at a simple fixed rate for a particular Category as an incentive. Accordingly, an in principle separate

Tariff Schedule is proposed for the prepaid metered consumers by DPN for the FY 2024-25. The Tariff proposal for prepaid metered consumers by DPN and approved by the Commission for the FY 2024-25, as detailed below:

(a) Subsidized Tariff approved for FY 2024-25

Table 8.6: Tariff for Prepaid Metered Consumers for FY 2024-25

Sl No.	CATEGORY	Proposed Rate Rs./kwh	Approved Rate Rs./kwh
1	CATEGORY 'A' DOMESTIC		
	All Units	5.75	5.75
2	CATEGORY 'B' INDUSTRIAL		
	All Units	6.75	6.75
3	CATEGORY 'C' BULK		
	All Units	7.00	7.00
4	CATEGORY 'D' COMMERCIAL		
	All Units	8.60	8.60
5	CATEGORY 'H' AGRICULTURE		
	All Units	3.30	3.30

(b) Full Cost Tariff (FCT) approved for FY 2024-25

Sl. No.	Category of Consumers	Approved Rate (In Rs./kWh)
1	Category 'A' Domestic	
	All Consumers	13.54
2	Category 'B' Industrial	
	All Consumers	13.54
3	Category 'C' Bulk	
	All Consumers	13.54
4	Category 'D' Commercial	
	All Consumers	13.54
5	Category 'H' Agriculture	
	All Consumers	13.54

Details are given in tariff schedule in the Appendix.

8.2.5 Common Items

DPN has not proposed any changes in rates and general conditions of supply of electricity to consumers. The Commission has approved it as given in Tariff Schedule in Appendix.

8.2.6 Miscellaneous Charges

DPN has not proposed any changes in the miscellaneous items. The Commission has approved the same rates for all miscellaneous items of services as given in the Tariff Schedule in Appendix.

This order shall come into force from 01.04.2024 and shall remain effective till revised/amended by the Commission. The Order shall be given wide publicity by the petitioner for information of the general public.

By Order of the Commission.

Place: **Kohima.**

Dated: **13/03/2024.**

Sd/-
KHOSE SALE
Chairman
NERC, Kohima

9. Directives

Background

While examining the information and data contained in the proposed Tariff petition for the FY 2024-25, it is observed that there are data gaps and many vital information were based on certain assumptions; and as a result, there has been difficulties in finalization of Revised ARR and determination of Tariff. Most of the areas of the operational and financial performance of DPN require substantial improvement.

Directives were issued in the previous orders for reducing costs and improving efficiency in the operation of the department. The Commission expected that DPN would take prompt action on the directives and monitor their implementation. DPN is yet to take action on most of the directives. In some cases, action has been initiated but monitoring of the implementation is essential to achieve the objectives of the directives.

In the above background the Commission is constrained to reiterate most of the directives which were issued in the earlier tariff orders and which have not been fully complied with and also hereby issue specific new directives.

Directive 1: Maintenance of Asset Registers and Audited Annual Accounts

DPN is directed to compile & submit the updated Fixed Asset Register and the Annual Accounts along with the Tariff Petition every year. . Fixed Asset Register is required to be updated yearly.

Directive 2: Management Information System (MIS)

The DPN has not maintained proper data in respect of sales (slab and sub slab wise), revenue and revenue expenses as also the category wise / slab wise number of consumers, connected load / demand etc. for proper analysis of the past data, based on actuals and estimation of proper projections in consideration of the ARR and Tariff Petition.

The DPN was directed to take steps to build credible and accurate data base and management information system (MIS) to meet the requirements for filing ARR & Tariff Petition as per regulatory requirement and also to suit the Multi Year Tariff principles. The formats, software and hardware are required to be synchronized with the Regulatory Information and Management System (RIMS) circulated by Central Electricity Regulatory Commission (CERC).

DPN has not submitted any compliance in respect of the above directive. DPN is again directed to comply with the directive and submit report on the same along with the next petition.

Directive 3: Pilferage of Energy

Pilferage of energy may be by illegal tapings/hooking from electrical lines, tampering of meters etc. The Commission feels that there is need to launch an extensive drive to remove illegal connections, if any, check meter tampering, replace the defective meters, maintain proper account of un-metered services and keep constant vigil so that corrective measures could be taken to reduce the AT & C losses. Requisite action may be taken as per the provisions under sections 135 and 138 of Electricity Act, 2003.

The DPN was directed to chalk out an action plan and submit to the Commission.

DPN has not submitted any compliance in respect of the above directive. DPN is again directed to comply with the directive and submit report on the same along with the next petition.

Directive 4: Replacement of Non-Functional / Defective Meters

Information on non-functional meters may be obtained from field officers and ensured that data is maintained correctly. Replacement is to be planned and pursued.

DPN is directed to comply with the directive and submit report on the same along with the next petition.

Directive 6: Energy Audit

DPN was directed to get the energy audit done every year & submit the report along with Tariff Petition.

DPN has not submitted any compliance in respect of the above directive. DPN is again directed to comply with the directive and submit report on the same along with the next petition.

Directive 7: Approval of Commission for Investment Plan

DPN was directed to submit the separate proposal for approval of works costing more than Rs. 5 Cr to the Commission.

DPN has not submitted any compliance in respect of the above directive. DPN is again directed to comply with the directive and submit report on the same along with the next petition.

Directives 8: Interest on Security Deposit

The DPN was directed to compile the details of security deposits from consumers and submit the same.

DPN has not submitted any compliance in respect of the above directive. DPN is again directed to comply with the directive and submit report on the same along with the next petition.

Directives 9: Revenue Realization

DPN was directed to sort out an action plan to improve collections by conducting special drive and disconnecting supply to all defaulting consumers effectively.

The DPN has not complied with the direction. Revenue realization is foremost task of the DPN to sustain financially. Top priority is to be given to realize the dues. The commission reiterates its directive and directs the DPN to report the action taken in this regard before filing of the next Tariff Petition.

Directives 10: Transformer failures

The DPN was directed to submit the details of transformer failures during the FY 2018-19 along with steps taken to bring down the same.

DPN has not submitted any compliance in respect of the above directive. DPN is again directed to comply with the directive and submit report on the same along with the next petition.

Directives 13: Specific Tariff to Public Lighting

Charges towards Public Lighting are being collected from other categories of consumers. The Commission is of the view to fix a specific tariff to public lighting as in the case of other categories to be paid by the concerned local bodies being custodians of public lighting. As such the DPN was directed to provide meters to all public lighting connections and take inventory of the connected load and measure the monthly consumption of each public lighting connection and propose specific tariff to public lighting as is prevailing in other electricity utilities in the country from the next tariff filing invariably.

DPN has not submitted any compliance in respect of the above directive. DPN is

again directed to comply with the directive and submit report on the same along with the next petition.

Directive 14: Details of Single Point Consumers

Number of Single Point Connections released (Urban & Rural separately) and actual consumption and amount billed during the previous year and estimated for current year and projected for ensuring year was directed to be filed along with the tariff filing. Further, point wise number of consumers existing as on the date should also directed to be furnished.

DPN has not submitted any compliance in respect of the above directive. DPN is again directed to comply with the directive and submit report on the same along with the next petition.

Directive 15: Physical verification of Consumer connections

It was directed that the Physical verification of all consumer connections be done to verify the number of no meter connections, defective meters, wrong classification of categories, unauthorized connections, unauthorized additional load, tempered seal of the meter etc.

For this purpose an action plan should be chalked out making each sub-division as a unit and deploying all staff in the sub-division for one day in a week to check all connections in a nominated section on that day. Thus, in a month, four sections will be covered.

A brief outcome of the operation was directed be reported to the Commission along with action proposed on the reports.

DPN has not submitted any compliance in respect of the above directive. DPN is again directed to comply with the directive and submit report on the same along with the next petition.

Directive 17: Assessment of arrears

DPN was directed to conduct an exercise of review of Arrears from sale of power. This is required to be done category wise and division wise. The ageing analysis of the arrears is also required to be done. DPN should also identify the bad debts and recoverable debts.

DPN has not submitted any compliance in respect of the above directive. DPN is again directed to comply with the directive and submit report on the same along with the next petition.

10. WHEELING CHARGES

10.1 Wheeling Charges

The net ARR has been approved in chapter 7 is Rs. 867.18 Cr. for the FY 2024-25. The ARR approved is segregated into wire business and retail supply business in accordance with the matrix prescribed in Regulation 72. The allocation matrix is provided in table below:

Table 10.1: Allocation Matrix

(In %)

Sl. No.	Particulars	Wire Business	Retail Supply Business
1	Power Purchase Expenses	0	100
2	Standby Charges	0	100
3	Employee Expenses	60	40
4	Administration & General Expenses	50	50
5	Repair & Maintenance Expenses	90	10
6	Depreciation	90	10
7	Interest on Long-term Loan Capital	90	10
8	Interest on Working Capital and on consumer security deposits	10	90
9	Bad Debts Written off 0% - 100% Income Tax	90	10
10	Transmission Charges intra-State	0	100
11	Contribution to contingency reserves, if any	100	0
12	Return on Equity	90	10
13	Non-Tariff Income	10	90

10.2 Segregation of Cost

The total fixed cost excluding power purchase/generation costs and transmission charges are segregated into wire business and retail supply business as per the above matrix as detailed in table below:

Table 10.2: Segregation of Wire and Retail Supply Costs for FY 2024-25

Sl. No.	Particulars	Approved Total Cost	Wire Business	Retail Supply Business
1	Cost of Power Purchase	470.08	-	470.08
2	Cost of Generation	16.13	-	16.13
3	Employee Cost	191.37	114.82	76.55
4	Administration & General Expenses	3.81	1.90	1.90
5	Repair & Maintenance Expenses	19.38	17.44	1.94
6	Transmission charges	112.11	-	112.11
7	Depreciation	84.99	76.49	8.50
8	Total Revenue Requirement	897.87	210.66	687.21
9	Less: Non-Tariff Income	16.10	1.61	14.49
10	Less: Surplus of FY 2022-23	14.59	1.46	13.13
11	Net Revenue Requirement (9- 10)	867.18	207.59	659.59

10.3 Wheeling Tariff

The wheeling charges have been computed on the basis of approved costs of DPN for wire business and the total energy expected to be wheeled through its network. In the absence of segregated data on costs of operation of 33 kV and 11 kV networks and sales, wheeling charges are not segregated voltage wise. Combined wheeling charges determined are given in table below:

Table 10.3: Wheeling Tariff approved by the Commission

Sl. No.	Particulars	FY 2024-25
1	ARR for wheeling function approved by the Commission (Rs. in Cr.)	207.59
2	Total sales within State - approved (In MUs)	471.21
3	Wheeling Tariff (Rs./kWh)	4.41

The Commission approves wheeling Tariff at Rs. 4.41/kWh for the FY 2024-25.

11. FUEL AND POWER PURCHASE COST ADJUSTMENT

11.1 Background

Section 62 sub-section 4 of the Electricity Act, 2003 provides that no tariff or part of any tariff may ordinarily be amended, more frequently than once in every financial year, except in respect of any changes expressly permitted under the terms of any fuel surcharge formula as may be specified. This provision of the Act requires the Commission to specify the formula for fuel surcharge.

Accordingly, the Commission has specified the formula for working out the Fuel and Power Purchase Cost Adjustment (FPPCA) charges and other terms and conditions of FPPCA allowed the distribution licensee to recover the FPPCA charges from the consumers vide Regulation 98 (13) of NERC (Terms and Conditions for determination of Tariff) Regulations, 2010.

Accordingly, the amount of Fuel and Power Purchase Cost Adjustment (FPPCA) charges shall be computed as under:

$$\begin{aligned}
 & Q_c(RC_2-RC_1)+Q_0(RO_2-RO_1)+Q_{pp}(R_{pp2}- \\
 & R_{pp1})+V_z+A \\
 \text{FPPCA} & = \frac{\quad}{\quad} \times 100 \\
 \text{(Ps./kWh)} & \\
 & (QP_{g1} + Q_{pp1} + Q_{pp2}) \quad \times \quad \left[1 - \frac{L}{100} \right]
 \end{aligned}$$

Where,

Q_c = Quantity of coal consumed during the adjustment period in Metric Tons (MT).

= (SHR X Q_{pg}) (1+TSL) X 1000/GCV, or actual whichever is less.

R_{c1} = Weighted average base rate of coal supplied ex-power station coal yard as approved by the Commission for the adjustment period in

		Rs./MT
R_{c2}	=	Weighted average base rate of coal supplied ex-power station coal yard for the adjustment period in Rs./MT
Q_o	=	Actual Quantity of oil (in KL) consumed during the adjustment period or normative oil consumption as per Tariff order whichever is less.
R_{o1}	=	Weighted average base rate of oil ex-power station (Rs./KL) approved by the Commission for the adjustment period.
R_{o2}	=	Weighted average actual rate of oil ex-power station supplied (Rs./KL) during the adjustment period.
Q_{pp}	=	Total power purchased from different sources(kWh)= $Q_{pp2}+Q_{pp3}$
Q_{pp1}	=	Q_{pp3} [—] in kWh
TL	=	Transmission loss (CTU) (in percentage terms).
Q_{pp2}	=	Power Purchase from sources with delivery point within the state transmission or distribution system (in kWh)
Q_{pp3}	=	Power Purchase from sources on which CTU transmission loss is applicable (in kWh)
R_{pp1}	=	Average rate of Power Purchase as approved by the Commission (Rs./kWh)
R_{pp2}	=	Average rate of Power Purchase as approved by the Commission (Rs./kWh)
Q_{pg}	=	Own power generation (kWh)

- Q_{pg1} = Own Power generation (kWh) at generator terminal – approved auxiliary consumption
- L = Percentage T&D loss as approved by the Commission or actual, whichever is lower.
- SHR = Station Heat Rate as approved by the Commission (Kcal / kWh)
- TSL = Percentage Coal Transit and Stacking Loss as approved by the Commission
- GCV = Weighted average gross calorific value of coal as fired basis during the adjustment period (Kcal / Kg)
- V_z = Amount of variable charges on account of change of cost of unknown factors like water charges, taxes or any other unpredictable and unknown factors not envisaged at the time of Tariff fixation subject to prior approval of the Commission (Rs.)
- A = Adjustment, if any, to be made in the current period to account for any excess / shortfall in recovery of fuel of Power Purchase cost in the past adjustment period, subject to the approval of the Commission (Rs.)

If there are more than one power stations owned by the Licensee Q_c , R_{c1} , R_{c2} , Q_o , R_{o1} , R_{o2} , Q_{pg} and Q_{pg1} will be computed separately for each power station and sum of the increase/decrease of cost of all power stations shall be taken into consideration.

The Generating Company can levy FPPCA charges with the prior approval of the Commission.

Terms and conditions for application of the FPPCA formula

- 1) The basic nature of FPPCA is „adjustment“ i.e. passing on the increase or decrease in the fuel costs and power purchase cost, as the case may be, compared to the approved fuel costs and power purchase costs in this Tariff Order.

- 2) The operational parameters / norms fixed by the Commission in the Tariff Regulations / Tariff Order shall be the basis of calculating FPPCA charges.
- 3) The FPPCA will be recovered every month in the form of an incremental energy charge (Rs./kwh) in proportion to the energy consumption and shall not exceed 10% of the approved avg. cost of supply in the Tariff order and balance amount, if any, in the FPPCA over and above this ceiling shall be carried forward to be billed in subsequent month.
- 4) Incremental cost of power purchase due to deviation in respect of generation mix or power purchase at higher rate shall be allowed only if it is justified to the satisfaction of the Commission.
- 5) Any cost increase by the licensee by way of penalty, interest due to delayed payments, etc. and due to operational inefficiencies shall not be allowed.
- 6) FPPCA charges shall be levied on all categories of consumers.
- 7) Distribution licensee shall file detailed computation of actual fuel cost in Rs./kWh for each month for each of power stations of the state generators as well as cost of power purchase (Fixed and Variable) from each source/station and a separate set of calculations with reference to permitted level of these costs.
- 8) The data in support of the FPPCA claims shall be duly authenticated by an officer of the licensee, not below the rank of Chief Engineer on an affidavit supported with the certified copy of energy bills of power purchase, transmission and RLDC charges, bill for coal purchase and its transportation cost, oil purchase bill and the quantity of coal and oil consumed during the month.
- 9) Levy of FPPCA charge will be allowed only when it is ten (10) paise or more per unit. If it is less than 10 (ten) paise/unit, the same may be carried forward for adjustment in the next month.
- 10) The incremental cost per kWh due to this FPPCA arrived for a month shall be recovered in the energy bill of the month subsequent to the order of the Commission approving FPPCA with full details of rate and unit(s) on which FPPCA charges have been billed. The Generating Company and the Distribution Companies shall provide along with the proposal of FPPCA (as applicable to them) for a month, a compliance report of the previous order of the commission in respect of FPPCA.

ANNEXURE - I

REVENUE FROM APPROVED/REVISED TARIFF FOR THE FY 2024-25

Sl.	Category	No. of Consumers	Energy Sales	Energy Charges	Revenue	Average Revenue
No.			(In MUs)	(Rs./kWh)	(Rs. in Cr.)	(Rs./kWh)
<i>Calculation of Revenue from Postpaid Connection</i>						
1	Category 'A' Domestic					
a)	Up to 30 kwh		39.44	5.60	22.09	
b)	31 to 100 kwh		106.13	6.10	64.74	
c)	101-250 kwh		33.56	6.80	22.82	
d)	Above 250 kwh		43.67	7.45	32.54	
	Total	1,66,503	222.80		142.18	6.38
2	Category 'B' Industrial					
a)	Up to 500 kwh		3.68	6.80	2.50	
b)	501 to 5000 kwh		5.29	7.35	3.89	
c)	Above 5000 kwh		1.36	7.85	1.07	
	Total	4,158	10.33		7.46	7.22
3	Category 'C' Bulk	2,329	76.01	7.25	55.11	7.25
4	Category 'D' Commercial					
a)	Up to 60 kwh		34.04	7.75	26.38	
b)	61 to 240 kwh		2.01	9.00	1.81	
c)	Above 240 kwh		2.48	9.40	2.33	
	Total	14,435	38.54		30.53	7.92
5	Category 'E' PWW	38	0.37	7.80	0.29	7.80
6	Category 'F' Public Light	621	1.13	21.50	2.43	21.50
7	Category 'G' Agriculture	8	0.04	3.50	0.02	3.50
8	Category 'H' Temporary Connection					

Sl.	Category	No. of Consumers	Energy Sales	Energy Charges	Revenue	Average Revenue
No.			(In MUs)	(Rs./kWh)	(Rs. in Cr.)	(Rs./kWh)
9	Category 'I' Inter-state					
10	Kuti Jyoti (Point)					
11	Single Point Metered Rural	1,22,191	62.64	5.60	35.08	5.60
12	Single Point Metered Urban	12,905	14.52	5.80	8.42	5.80
13	Grand Total	3,23,188	426.39		281.51	6.60
<i>Calculation of Revenue from Public Light</i>						
a)	Domestic	166503 X 10 X 12			1.998036	
b)	Commercial	14435 X 15 X 12			2.997054	
c)	Industrial	4158 X 20 X 12			3.996072	
d)	Bulk Supply	2329 X 25 X 12			4.99509	
	Total					
<i>Calculation of Revenue from Prepaid Connection</i>						
Sl.	Category	No. of Consumers	Energy Sales	Energy Charges	Revenue	Average Revenue
No.			(In MUs)	(Rs./kWh)	(Rs. in Crs.)	(Rs./kWh)
1	Category 'A' Domestic	16,726	32.27	5.75	18.56	5.75
2	Category 'B' Industrial	532	1.00	6.75	0.67	6.75
3	Category 'C' Bulk	2	0.02	7.00	0.01	7.00
4	Category 'D' Commercial	5,950	11.54	8.60	9.92	8.60
	Total	23,210	44.83		29.16	6.51

ANNEXURE - II

FULL COST TARIFF BASED REVENUE FOR THE FY 2024-25

Sl. No.	Category	No. of Consumers	Energy Sales (In MUs)	Energy Charges (Rs./kWh)	Revenue (Rs. in Cr.)	Average Revenue (Rs./kWh)
<i>Calculation of Revenue from Postpaid Connection</i>						
1	Category 'A' Domestic					
a)	Up to 30 kwh		39.44	11.10	43.80	
b)	31 to 100 kwh		106.13	13.90	147.51	
c)	101-250 kwh		33.56	14.10	47.32	
d)	Above 250 kwh		43.67	14.45	63.11	
	Total	1,66,503	222.80		301.74	13.54
2	Category 'B' Industrial					
a)	Up to 500 kwh		3.68	13.10	4.82	
b)	501 to 5000 kwh		5.29	13.70	7.24	
c)	Above 5000 kwh		1.36	14.10	1.92	
	Total	4,158	10.33		13.98	13.54
3	Category 'C' Bulk	2,329	76.01	13.54	102.92	13.54
4	Category 'D' Commercial					
a)	Up to 60 kwh		34.04	13.45	45.79	
b)	61 to 240 kwh		2.01	14.00	2.82	
c)	Above 240 kwh		2.48	14.40	3.58	
	Total	14,435	38.54		52.18	13.54
5	Category 'E' PWW	38	0.37	13.54	0.50	13.54
6	Category 'F' Public Light	621	1.13		1.53	
7	Category 'G' Agriculture	8	0.04	13.54	0.06	13.54
8	Category 'H' Temporary Connection					
9	Category 'I' Inter-state					
10	Kuti Jyoti (Point)					
11	Single Point Metered Rural	1,22,191	62.64	13.54	84.82	13.54
12	Single Point Metered Urban	12,905	14.52	13.54	19.67	13.54

Sl. No.	Category	No. of Consumers	Energy Sales (In MUs)	Energy Charges (Rs./kWh)	Revenue (Rs. in Cr.)	Average Revenue (Rs./kWh)
13	Grand Total	3,23,188	426.39		577.40	13.54

<i>Calculation of Revenue from Prepaid Connection</i>						
Sl. No.	Category	No. of Consumers	Energy Sales (In MUs)	Energy Charges (Rs./kWh)	Revenue (Rs. in Cr.)	Average Revenue (Rs./kWh)
1	Category 'A' Domestic	16,726	32.27	13.54	43.70	
2	Category 'B' Industrial	532	1.00	13.54	1.35	
3	Category 'C' Bulk	2	0.02	13.54	0.02	
4	Category 'D' Commercial	5,950	11.54	13.54	15.62	
	Total	23,210	44.83		60.69	13.54

ANNEXURE - III

Sl. No.	Category	Full Cost Tariff			Subsidy			Approved Tariff		
		Full Cost Tariff (Rs./kWh)	Units (In MUs)	Revenue (Rs. In Cr.)	Subsidy (Rs./kWh)	Units (In MUs)	Revenue (Rs. In Cr.)	Approved Tariff (Rs./kWh)	Units (In MUs)	Revenue (Rs. In Cr.)
1	DOMESTIC									
	(a) 0 to 30 kwh	11.10	39.44	43.80	5.50	39.44	21.68	5.60	39.44	22.12
	(b) 31 to 100 kwh	13.90	106.13	147.51	7.80	106.13	82.75	6.10	106.13	64.76
	(c) 101 to 250 kwh	14.10	33.56	47.32	7.30	33.56	24.47	6.80	33.56	22.85
	(d) > 250 kwh	14.45	43.67	63.11	7.00	43.67	30.55	7.45	43.67	32.56
2	INDUSTRIAL									
	(a) < 500 kwh	13.10	3.68	4.82	6.30	3.68	2.32	6.80	3.68	2.50
	(b) 501 to 5000 kwh	13.70	5.29	7.24	6.35	5.29	3.36	7.35	5.29	3.89
	(c) > 5000 kwh	14.10	1.36	1.92	6.25	1.36	0.85	7.85	1.36	1.07
3	BULK	13.54	76.01	102.92	6.29	76.01	47.80	7.25	76.01	55.12
4	COMMERCIAL									
	(a) < 60 kwh	13.45	34.04	45.79	5.70	34.04	19.41	7.75	34.04	26.38
	(b) 61 to 240 kwh	14.00	2.01	2.82	5.00	2.01	1.01	9.00	2.01	1.81
	(c) > 240 kwh	14.40	2.48	3.58	5.00	2.48	1.24	9.40	2.48	2.33
5	P.W.W.	13.54	0.37	0.50	5.74	0.37	0.21	7.80	0.37	0.29
6	INTERSTATE	13.54			6.94			6.60		
7	AGRICULTURE	13.54	0.04	0.06	10.04	0.04	0.04	3.50	0.04	0.02
8	TEMPORARY CONNECTION									
	DLF	13.54						11.50		
	Others	13.54						14.70		
9	PUBLIC LIGHTING	13.54	1.13	1.53	-7.96	1.13	-0.90	21.50	1.13	2.43
10	SINGLE POINT METERED RURAL	13.54	62.64	84.82	7.94	62.64	49.74	5.60	62.64	35.08

Sl. No.	Category	Full Cost Tariff			Subsidy			Approved Tariff		
		Full Cost Tariff (Rs./k Wh)	Units (In MUs)	Revenue (Rs. In Cr.)	Subsidy (Rs./kWh)	Units (In MUs)	Revenue (Rs. In Cr.)	Approved Tariff (Rs./k Wh)	Units (In MUs)	Revenue (Rs. In Cr.)
11	SINGLE POINT METERED URBAN	13.54	14.52	19.67	7.74	14.52	11.24	5.80	14.52	8.42
12	Total Postpaid within the State (1 to 11)		426.39	577.40		426.39	295.77		426.39	281.62

II. Full Cost Tariff, Subsidy & Subsidised Proposed Tariff for the FY 2024-25 (Prepaid)										
Sl. No.	Category	Full Cost Tariff			Subsidy			Approved Tariff		
		Full Cost Tariff (Rs./k Wh)	Units (In MUs)	Revenue (Rs. In Crs.)	Subsidy (Rs./kWh)	Units (In MUs)	Revenue (Rs. In Crs.)	Approved Tariff (Rs./k Wh)	Units (In MUs)	Revenue (Rs. In Crs.)
1	DOMESTIC									
	All Units	13.54	32.27	43.70	7.79	32.27	25.14	5.75	32.27	18.56
2	INDUSTRIAL									
	All Units	13.54	1.00	1.35	6.79	1.00	0.68	6.75	1.00	0.67
3	BULK									
	All Units	13.54	0.02	0.02	6.54	0.02	0.01	7.00	0.02	0.01
4	COMMERCIAL									
	All Units	13.54	11.54	15.62	4.94	11.54	5.70	8.60	11.54	9.92
5	AGRICULTURE									
	All Units	13.54			10.24			3.30		
6	Total Prepaid within the State (1 to 5)		44.83	60.69		44.83	31.54		44.83	29.16
7	Total Postpaid & Prepaid within the State [I (12) + II (6)]		471.21	638.09		471.21	327.31		471.21	310.78

ANNEXURE - IV

Minutes of the 18th Meeting of the State Advisory Committee (SAC)

The meeting was chaired by Shri. Khose Sale, Chairman, Nagaland Electricity Regulatory Commission (NERC). He welcomed the SAC Members, representatives from Department of Power (DPN) and New & Renewable Energy (N&RE) and expressed his wish for a fruitful discussion ahead.

Review of 17th SAC Meeting Minutes:

The Chairman highlighted the Members in brief with regard to the follow up actions initiated by the Commission in response to the advices of the SAC Members in the last meeting.

DISCUSSION ON AGENDA

Filing of True up for FY 2022-23, APR for FY 2023-24 and ARR & Tariff proposal for FY 2024-25 by the Department of Power, Nagaland (DPN):

The DPN Official presented a PPT on behalf of the Petitioner highlighting in brief on both the Commercial & Technical Requirement of the Department as proposed in the Tariff Petition. On the True Up for FY 2022-23, the DPN claimed a total ARR of Rs.863.36 Crs, Revenue from Retail Sale as Rs. 335.94 Crs, Government Subsidy as Rs.542 Crs and a Surplus Revenue of Rs. 14.59 Crs. With regard to an Annual Performance Review (APR) for FY 2023-24, DPN has revised ARR to Rs. 823.03 Crore with a Zero Revenue gap against the approved ARR of Rs. 796.62 Crore. The DPN also proposed to revise the Tariff for FY 2024-25 where it has proposed ARR of Rs.885.82 Crore with a zero revenue gap i.e. both Average cost of Supply & Average Revenue Realisation @ Rs. 14.86/kWh. DPN has also proposed an overall increase in tariff by 2.51%.

The Committee Members examined in detail the relevant parameters projected in the proposed Tariff Petition and on perusal of the petition, it came to the notice of the Members that the DPN has already done the true-up exercise from FY 2015-16 to FY 2021-22 (Audited Accounts) as advised by the Members in Last SAC Meeting.

After through deliberation, the members advised the Commission to determine and finalise the present Tariff Petition filed by the DPN as it deems fit which may be reviewed later based on the final audited reports submitted by DPN.

The Meeting was concluded with a thank giving from the Chairperson, NERC.

Sd/-
Er. HEKAVI N AYEMI
Deputy Director,
NERC, Kohima.

The name of the SAC Members, Officers from the DPN and N&RE who attended the 18th SAC Meeting are listed herein below:

1. Er. Khose Sale, Ex-Officio Chairperson, SAC.
2. Mr. Joshua Sheqi, SAC Member.
3. Mr. Kekhriengulie Theünuo, SAC Member.
4. Mr. Indianoba Tally, SAC Member.
5. Mr. Jonas Yanthan, SAC Member.
6. Er. V. Kezo, SAC Member.
7. Er. Moa Aier, Engineer-in-Chief, DoPN.
8. Er. Tiameren Walling, Chief Engineer (D&R), DoPN.
9. Er. Kasho Chishi, Addl. CE, DoPN.
10. Er. T. Lithrichum Sangtam, SE (Gen), DoPN.
11. Er. Lobosang Jamir, SE (Revenue), DoPN.
12. Er. Ghukali Tuccu, SDO (TC), DoPN.
13. Er. Neiteii Mero, SDO (TC), DoPN.
14. Er. Washisongla Jamir, JE (D&R), DoPN.
15. Er. James Khala, Addl. Director, N&RE.
16. Er. Imliakum, Project Officer, N&RE.
17. Er. Hekavi N Ayemi, Deputy Director, NERC.
18. Mr. Limawapang Lkr, Legal Consultant, NERC.
19. Mr. Shivito Wotsa, Sr. Accounts Officer, NERC.